

PRESS OFFICE

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SBA Announces Major Changes to Its Disaster Lending Program Agency Increases Home Disaster Loan Limits, Expands Use of Protective Upgrades, Extends Initial Payment Deferment, Waives Interest for First Year

WASHINGTON – This week, [SBA Administrator Isabella Casillas Guzman](#) announced the agency finalized a [rule](#) to increase support to disaster survivors and small businesses needing relief following a federally declared disaster. The rule becomes effective for all disasters declared on or after July 31, 2023.

“The Biden-Harris Administration has prioritized maximizing resources for disaster survivors so that they can successfully recover and build resilience to the effects of climate change that have led to more frequent and costly natural disasters,” said **Administrator Guzman**. “The SBA’s disaster loan program rule modifications will ensure more flexible and affordable disaster loans are available for small businesses, nonprofits, renters, and homeowners that will allow them to focus on recovering quickly so their communities can survive and thrive again.”

“For the first time in nearly 30 years, accounting for decades of inflation and rising construction costs, SBA is more than doubling the caps for its home disaster loan program. Increasing the loan limits ensures that communities across America have access to sufficient funding to help them rebuild homes, replace personal property, and reopen businesses when disasters strike,” said [Bailey DeVries, Associate Administrator for Investment and Innovation and Acting Associate Administrator for Capital Access](#).

“SBA’s bold new actions continue to reshape our disaster enterprise by unleashing more capital to help devastated communities rebuild and expanding avenues to mitigate against future damage in the face of increasingly frequent and catastrophic disasters,” said [Francisco Sánchez Jr., Associate Administrator of SBA’s Office of Disaster Recovery and Resilience](#). “While bringing the whole of SBA to the effort and inextricably tying recovery to resilience, SBA’s team is also boosting its presence in the field to lead from the ground up and ensure we are meeting the priorities of each community.”

The SBA is also expanding its mitigation assistance to other types of hazards beyond the declared disaster event. Communities are often under threat from multiple types of hazards, including hurricanes, floods, tornadoes, wildfires, earthquakes, and more. Today’s announcement will ensure that property owners can use their disaster loan funds to rebuild stronger and more resilient against multiple types of hazards and not just against a single threat.

In 2022, Administrator Guzman [announced](#) that SBA would waive the interest rate for the first year and extend the initial payment deferment period automatically to 12 months for disasters declared on or after Sept. 21, 2022, through Sept. 30, 2023. Today's announcement makes this change permanent and means SBA will continue to provide much needed relief to disaster loan borrowers by waiving interest and payments for the first year for all disaster loans beyond Sept. 30, 2023.

Key changes being announced by the SBA include:

- **Increase Loan Limits for Primary Residence:** \$200,000 to \$500,000 for real estate repair or replacement, contractor malfeasance, refinancing, and mitigation for home disaster loans.
- **Increase Loan Limits for Personal Property:** \$40,000 to \$100,000 for replacement of clothing, furniture, appliances, automobiles, and more for home disaster loans.
- **Remove Administrative Limit on Landscaping:** Landscaping will be limited to the overall real estate repair limit and not capped at \$5,000.
- **Increase the Initial Payment Deferral Period:** Extending the first payment deferment period from 5 to 12 months for all disaster loans. This change removes the burden for disaster survivors to begin making payments on their disaster loans before communities rebuild and recover.
- **No Interest Accrual for the First 12 Months:** Waives interest accrual for the first year from the date of the initial disbursement for all disaster loans. This change ensures the payment deferral offers a true reprieve as all loans will not accrue interest during deferment. This change reduces the overall cost of the loan to better support full recovery for disaster survivors.
- **Mitigation Disaster Loans:** Eliminates a restriction on property owners to only use disaster loan funds to mitigate a "similar" disaster event that caused damage to their home or business. This change gives property owners more options to mitigate future damage from different types of disasters, reducing the need for future financial assistance.
- **Collateral Requirements:** SBA is clarifying collateral requirements in the disaster loan program under which blanket liens on business assets that provide no liquidity in the event of default will not be required. This gives SBA more discretion to determine the collateral required for disaster loans.
- **Reduce Documents Required to Request Reconsideration:** Removes the requirement that businesses submit financial statements with every reconsideration or appeal request for a previously declined application. Currently, SBA requires business loan applicants to provide current financial statements, even if their applications were not declined for lack of repayment ability.
- **Expand Eligibility to Consumer or Marketing Cooperatives:** This change aligns disaster lending with SBA's 7(a) and 504 business loan programs and allows these cooperatives to apply for the Economic Injury Disaster Loan (EIDL) and Military Reservist Economic Injury Disaster Loan (MREIDL) programs.

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About the U.S. Small Business Administration

The U.S. Small Business Administration helps power the American dream of business ownership. As the only go-to resource and voice for small businesses backed by the strength of the federal government, the SBA empowers entrepreneurs and small business owners with the resources and support they need to start, grow, expand their businesses, or recover from a declared disaster. It delivers services through an extensive network of SBA field offices and partnerships with public and private organizations. To learn more, visit www.sba.gov.