

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 4238**

OFFERED BY M _____ . _____

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Disaster Loan Ac-
3 countability and Reform Act” or the “DLARA”.

4 SEC. 2. TABLE OF CONTENTS.

5 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Definitions.
- Sec. 4. Monthly disaster loan reports.
- Sec. 5. Budget request relating to disaster loans.
- Sec. 6. Limitations on disaster loans.
- Sec. 7. GAO report on SBA disaster loan account.
- Sec. 8. GAO report on disaster loan changes.
- Sec. 9. Budget and forecasting report regarding the cost of direct disaster loans.

6 SEC. 3. DEFINITIONS.

7 In this Act—

8 (1) the terms “Administration” and “Adminis-
9 trator” mean the Small Business Administration
10 and the Administrator thereof, respectively;

11 (2) the term “appropriate committees of Con-
12 gress” means the Committee on Small Business and
13 Entrepreneurship and the Committee on Appropria-

1 tions of the Senate and the Committee on Small
2 Business and the Committee on Appropriations of
3 the House of Representatives; and

4 (3) the term “SBA disaster loan” means a di-
5 rect loan authorized by section 7(b) of the Small
6 Business Act (15 U.S.C. 636(b)), other than a loan
7 that was authorized under section 1110 of the
8 CARES Act (15 U.S.C. 9009).

9 **SEC. 4. MONTHLY DISASTER LOAN REPORTS.**

10 Section 12091(a) of the Small Business Disaster Re-
11 sponse and Loan Improvements Act of 2008 (15 U.S.C.
12 636k(a)) is amended—

13 (1) in paragraph (1)—

14 (A) by striking “during the applicable pe-
15 riod for a major disaster”; and

16 (B) by striking “for that major disaster”;

17 (2) in paragraph (2)—

18 (A) in subparagraph (E), by striking “how
19 long the available funding for such loans will
20 last” and inserting “the date at which available
21 funding for such loans will reach 10 percent of
22 the most recent appropriation and the date at
23 which the funds will be depleted”;

24 (B) in subparagraph (H), by striking
25 “and” at the end;

1 (C) in subparagraph (I), by striking the
2 period at the end and inserting “; and”; and

3 (D) by adding at the end the following:

4 “(J) a summary detailing any changes to
5 estimates or assumptions on obligations and ex-
6 penditures, including data supporting these
7 changes.”; and

8 (3) by adding at the end the following:

9 “(3) PROHIBITION ON OFFICIAL TRAVEL.—If
10 the Administrator does not submit a report required
11 to be submitted under paragraph (1) by the required
12 date, no funds may be obligated for official travel by
13 the Administrator until the Administrator submits
14 the report.”.

15 **SEC. 5. BUDGET REQUEST RELATING TO DISASTER LOANS.**

16 Section 1105 of title 31, United States Code, is
17 amended—

18 (1) in subsection (a), by adding at the end the
19 following:

20 “(39) separate statements of—

21 “(A) the amount of appropriations re-
22 quested for the fiscal year for which the budget
23 is submitted for the cost of SBA disaster loans,
24 the 10-year average of the cost of SBA disaster
25 loans, and an explanation for any difference be-

1 between the amount requested and the 10-year
2 average cost; and

3 “(B) the amount of appropriations re-
4 quested for the fiscal year for which the budget
5 is submitted for the cost of COVID-EIDL
6 loans, the 10-year average of the cost of
7 COVID-EIDL loans, and an explanation for
8 any difference between the amount requested
9 and the 10-year average cost.

10 “(40) separate statements of—

11 “(A) the amount of appropriations re-
12 quested for the fiscal year for which the budget
13 is submitted for administrative costs relating to
14 SBA disaster loans, the 10-year average of such
15 administrative costs, and an explanation for any
16 difference between the amount requested and
17 the 10-year average costs; and

18 “(B) the amount of appropriations re-
19 quested for the fiscal year for which the budget
20 is submitted for administrative costs relating to
21 COVID-EIDL loans, the 10-year average of
22 such administrative costs, and an explanation
23 for any difference between the amount re-
24 quested and the 10-year average costs.”; and

25 (2) by adding at the end the following:

1 “(j) In paragraphs (39) and (40) of subsection (a)—

2 “(1) the term ‘COVID-EIDL loan’ means a di-
3 rect loan under section 7(b) of the Small Business
4 Act (15 U.S.C. 636(b)) that was authorized under
5 section 1110 of the CARES Act (15 U.S.C. 9009);
6 and

7 “(2) the term ‘SBA disaster loan’ means a di-
8 rect loan authorized by section 7(b) of the Small
9 Business Act (15 U.S.C. 636(b)), other than a loan
10 that was authorized under section 1110 of the
11 CARES Act (15 U.S.C. 9009).”.

12 **SEC. 6. LIMITATIONS ON DISASTER LOANS.**

13 Section 7(b) of the Small Business Act (15 U.S.C.
14 636(b)) is amended—

15 (1) by redesignating the second paragraph des-
16 igned as paragraph (16), relating to statute of lim-
17 itations, as added by the COVID–19 EIDL Fraud
18 Statute of Limitations Act of 2022 (Public Law
19 117–165; 136 Stat. 1363), as paragraph (18); and

20 (2) by inserting after paragraph (16), relating
21 to disaster declarations in rural areas, as added by
22 the Disaster Assistance for Rural Communities Act
23 (Public Law 117–249; 136 Stat. 2350), the fol-
24 lowing:

1 “(17) REQUIREMENTS WHEN FUNDING IS
2 LOW.—Not later than 24 hours after the unobligated
3 balance of amounts available for the cost of direct
4 loans authorized by this subsection is less than 10
5 percent of the 10-year average annual cost provided
6 in the most recent Presidential budget request re-
7 quired under section 1105(a)(39)(A) of title 31,
8 United States Code, or, if unavailable, the 10-year
9 average annual cost for the immediately preceding
10 10-year period of SBA disaster loans (as defined in
11 section 1105(j) of such title), the Administrator
12 shall notify the Committee on Appropriations and
13 the Committee on Small Business and Entrepre-
14 neurship of the Senate and the Committee on Ap-
15 propriations and the Committee on Small Business
16 of the House of Representatives.”.

17 **SEC. 7. GAO REPORT ON SBA DISASTER LOAN ACCOUNT.**

18 (a) REPORT.—Not later than 180 days after the date
19 of enactment of this Act, the Comptroller General of the
20 United States shall submit to the Administrator and the
21 appropriate committees of Congress a report on—

22 (1) the average weekly rate at which the Ad-
23 ministration obligates the unobligated balance of
24 amounts available for the cost of SBA disaster
25 loans;

1 (2) the average amount, during the periods be-
2 ginning on October 1, 2015, and ending on July 31,
3 2023, and beginning on July 31, 2023, and ending
4 on the date of enactment of this Act, respectively,
5 disbursed to a borrower each week, during the initial
6 12-week period in which a borrower receives
7 amounts from an SBA disaster loan, beginning the
8 day after the borrower accepts their loan, separated
9 by home SBA disaster loan borrowers, business SBA
10 disaster loan borrowers, and economic injury dis-
11 aster loan borrowers; and

12 (3) the average amount of fully disbursed SBA
13 disaster loans, originated during the period begin-
14 ning on July 31, 2023, and ending on the date of
15 enactment of this Act, with separate averages for
16 SBA disaster loans delineated by home, business,
17 and economic injury disaster loans.

18 (b) RESPONSE.—Not later than 90 days after the
19 date on which the Comptroller General of the United
20 States submits the report under subsection (a), the Ad-
21 ministrators shall submit to the appropriate committees of
22 Congress a response to the report, including an implemen-
23 tation plan for any recommendations in the report.

1 **SEC. 8. GAO REPORT ON DISASTER LOAN CHANGES.**

2 (a) DEFINITION.—In this section, the term “covered
3 final rule” means—

4 (1) the final rule entitled “Disaster Assistance
5 Loan Program Changes to Maximum Loan Amounts
6 and Miscellaneous Updates” (88 Fed. Reg. 39335
7 (June 16, 2023); RIN 3245–AH91); or

8 (2) the final rule entitled “Disaster Assistance
9 Loan Program Changes to Unsecured Loan
10 Amounts and Credit Elsewhere Criteria” (89 Fed.
11 Reg. 59826 (July 24, 2024); RIN 3245–AI08).

12 (b) REPORT.—Not later than 1 year after the date
13 of enactment of this Act, the Comptroller General of the
14 United States shall submit to the appropriate committees
15 of Congress a report on—

16 (1) the cost (as defined in section 502 of the
17 Federal Credit Reform Act of 1990 (2 U.S.C.
18 661a)) of the increase in the home loan lending lim-
19 its for, the extension of the deferment period for, the
20 expansion of mitigation options for, the modifica-
21 tions to the criteria for determining whether appli-
22 cants can obtain credit elsewhere with respect to, the
23 changes to collateral requirements for, and other
24 changes to the terms and conditions of loans under
25 section 7(b)(1) of the Small Business Act (15 U.S.C.
26 636(b)(1)) made by the covered final rules; and

1 (2) the effect on the subsidy for such loans of
2 the changes contained in the covered final rules.

3 **SEC. 9. BUDGET AND FORECASTING REPORT REGARDING**
4 **THE COST OF DIRECT DISASTER LOANS.**

5 (a) BUDGET FORMULATION AND FORECASTING.—

6 Not later than 30 days after the date of enactment of this
7 Act, the Administrator shall submit to the appropriate
8 committees of Congress a report detailing corrections the
9 Administration will make to improve forecasting, data
10 quality, and budget assumptions relating to budget sub-
11 missions relating to amounts made available for the cost
12 of SBA disaster loans.

13 (b) UPDATES.—Not later than 90 days after the date
14 of enactment of this Act, and every 90 days thereafter
15 until the date that is 90 days after the date on which all
16 the corrections described in subsection (a) have been im-
17 plemented, the Administrator shall submit to the appro-
18 priate committees of Congress a report—

19 (1) detailing the actions the Administration has
20 taken to implement the corrections described in sub-
21 section (a); and

22 (2) explaining how each action detailed under
23 paragraph (1) is directly related to implementing 1
24 or more corrections described in subsection (a).

