S. 862, Rebuilding Small Businesses After Disasters Act (Kennedy-Booker-Rubio)

This bill permanently changes the collateral requirements made under the 2015 RISE Act (P.L. 114-88) for unsecured disaster loans for physical damages. RISE raised this limit to $25,000, but that limit will revert back to $14,000 this year without Congressional action. The disaster loan collateral section of the RISE Act included a 3 year sunset clause, meaning that the changes to the disaster loan program expired in November 2018. Last year, Congress passed and the President signed into law a bill that extended this provision for one year to November 2019.

After a disaster, survivors urgently need capital to manage repairs. SBA provides unsecured, initial disbursements on approved disaster loans for economic injury and physical damage. Prior to the RISE Act, SBA’s statutory limit on unsecured, non-collateral backed physical damage disaster loans was $14,000 for SBA declared disasters. Similar authority already exists for Presidential declared disasters. This bill would make these collateral requirements permanent and will have a minimal impact on subsidy costs.