



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

JAN 23 2014

The Honorable Mary L. Landrieu
Chair
Committee on Small Business
and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Madam Chair:

Acting Administrator Hulit has asked me to respond to your recent letter requesting that the U.S. Small Business Administration (SBA) consider raising the administrative loan limits on home and personal property disaster loans.

The Small Business Act authorizes SBA to make physical disaster loans for disaster damages that are not compensated for by insurance or other recoveries. Accordingly, the amount of an SBA disaster loan for physical damages is based on SBA's verified physical loss to the disaster damaged property less any insurance, Federal Emergency Management Agency (FEMA) individual grant assistance or other duplications of benefits.

As your letter stated, since February 1994, the SBA's disaster loan limit for repair or replacement of a disaster damaged primary residence has remained at \$200,000 and the limit for replacement of personal property has been \$40,000. The following table utilizes 20 years of disaster home loan data, including breakdowns of SBA's three largest disasters (Northridge earthquake; Hurricanes Katrina, Wilma and Rita (KRW); and Superstorm Sandy):

Disaster Home Loans (Jan 1994–Dec 2013)

Disaster Name	Average Loan Amount		
	Total	Real Estate	Personal Property
All disasters	\$36,116	*	*
Northridge	\$27,511	*	*
KRW	\$50,933	\$39,678	\$20,046
Sandy	\$47,268	\$40,750	\$19,568

Based on the above data, the average loan amounts to repair or replace real estate and personal property are substantially lower than the current administrative limits of \$200,000 and \$40,000, respectively. This data indicates that the current administrative loan limits are sufficient. SBA recognizes that there are areas of the country where real estate values are significantly higher than the national average. However, homes in those areas are typically covered by insurance.

* Data on breakdown between Personal Property and Real Estate amounts not available.

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We appreciate your continued support of the SBA Disaster Assistance Program. If you and your staff have additional questions, please contact our Office of Congressional and Legislative Affairs at (202) 205-6700.

Sincerely,

A handwritten signature in blue ink, appearing to be "Jera", is positioned above the typed name.

Jera
Associate Administrator
for Disaster Assistance