



News Release

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SBA Hurricane Loans Top \$710 Million; Approvals Averaging Over \$26 Million Per Day

WASHINGTON -- U.S. Small Business Administration disaster assistance loans in the Gulf Coast area ravaged by hurricanes this year passed the \$710 million mark, with loans now being approved at the rate of \$26.4 million a day, SBA Administrator Hector V. Barreto said today.

“SBA’s disaster office is producing unprecedented results in response to the unprecedented circumstances caused by Hurricanes Katrina, Rita and Wilma,” Barreto said. “We have received more disaster loan applications in 12 weeks than we received for any other disaster in the history of the agency, and we are approving loans at a steadily increasing rate.”

Through November 21, the SBA approved more than 10,200 long-term disaster recovery loans for homeowners, renters and businesses, for a total of \$710.6 million, Barreto said. “We are maintaining the integrity of the process, protecting taxpayers’ interests and meeting the needs of those so brutally hurt by the hurricanes,” he said.

Barreto noted that only two previous disasters in history led to more than \$1 billion in SBA loans, the Northridge earthquake in 1994 and the multiple hurricanes that struck Florida last year.

“This year’s catastrophic hurricanes left a disaster area extending an area the size of Great Britain,” Barreto said. “Nearly 250,000 people were displaced to locations in all 50 states; more than 200,000 homes were destroyed and another 45,000 are unlivable; of the 190,000 small businesses in Louisiana, about 81,000 are eligible for federal assistance.”

The SBA’s Office of Disaster Assistance has grown from 880 staff before Katrina struck to more than 4,170, and more hires are made every day. Almost two-thirds of SBA’s 6,286 employees are working seven days a week, 18 hours a day to handle the demand for loans, Barreto said. “We are committed to doing whatever it takes to make sure every person who needs and qualifies for help, gets help,” he said.

The SBA has taken a number of steps to ease the process, expand capacity to process loans and provide other sources of capital for small businesses:

- The agency has launched an effort to quickly put cash in the hands of small businesses in the affected areas through the GO Loans program, which allows SBA lenders to make SBA-guaranteed loans of up to \$150,000 to small businesses that need cash for working capital more quickly than the disaster loan program is designed to provide. SBA can deliver a response to a request for a GO Loan guaranty in 24 hours or less (<http://www.sba.gov/news/05-68.pdf>).

(more)

- In the area of contracting, the SBA and other federal agencies have worked hard to see that small businesses, and particularly local small businesses, get a share of the contracts for clean-up and rebuilding after these hurricanes. These efforts have included a business matchmaking initiative in six cities in Alabama, Mississippi and Louisiana. These efforts and the efforts of other federal departments have enabled small businesses to receive 45 percent of clean-up and rebuilding contracts in the affected areas.
- The agency is continuing to expand its computerized loan-processing capacity, which already has more than 263,000 applications in the system, 75,000 of which have been processed, nearly double the number of loans processed for the Hurricane Andrew disaster in 1992. The system is scanning in more than 70,000 pages of application documents each day.
- The agency has simplified documentation requirements (<http://www.sba.gov/news/05-60-SBA-Simplifies-Requirements.pdf>) and streamlined processing of business loan requests under \$100,000 (http://www.sba.gov/news/05-61_SBA_Expedites_Processing_of_Business_Disaster_Loans.pdf)
- The SBA has established a pilot program with the Internal Revenue Service to provide tax transcripts electronically at the rate of 5,000 per day, helping loan applicants replace financial records that may have been lost in the storms.
- The SBA has provided 12-month loan deferments on SBA loans to businesses in the disaster areas, and urged private lenders to offer similar relief on SBA-backed loans in their portfolios (http://www.sba.gov/news/05-59_Loan_Deferments.pdf).
- The agency has asked bankers across the lending community to provide six-month volunteers to serve as temporary government employees to help process business disaster loans through the “Give a Lending Hand” initiative (<http://www.sba.gov/news/05-65-Give-a-Lending-Hand.pdf>).

For more information about the SBA’s Disaster Assistance loan programs, visit the SBA Web site at http://www.sba.gov/disaster_recov/index.html.

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