



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

OFFICE OF THE ADMINISTRATOR

FEB 28 2006

The Honorable John Kerry
Ranking Member
Committee on Small Business & Entrepreneurship
Washington, DC 20510

Dear Senator Kerry:

Thank you for your February 10, 2006 letter to the President in support of an Administration request for \$1.254 billion (rounded to \$1.3 billion) for the U.S. Small Business Administration (SBA) disaster lending in the supplemental funding request. I have been asked to respond on his behalf.

SBA has responded to the unprecedented devastation created by hurricanes Katrina and Rita. To date, more than \$4.7 billion in disaster loans have been approved for homeowners, renters and businesses in the Gulf Region since the 2005 hurricane season. SBA has worked through about 83% of the business loan backlog and expects to run through 90% of the backlog by next Wednesday, the six-month anniversary of Hurricane Katrina.

The Committees on Appropriations supported reprogramming \$100 million from our administrative funds to disaster loan subsidy. On February 17th, with bipartisan support, H.R. 4745, authorizing the Federal Emergency Management Administration (FEMA) to transfer up to \$712 million from the Disaster Relief Fund (DRF) to SBA's Disaster Loan program, was passed in the Senate. On Saturday, February 18th, President George W. Bush signed the bill into law. This will provide funding for up to an additional \$4.9 billion in disaster loans.

At present, a supplemental request has been made for \$1.254 billion for the disaster loan program. This will allow SBA to reimburse FEMA's DRF account for the amount transferred as a result of H.R. 4745. This request will provide the SBA with a total of \$1.254 billion for the disaster loan program. We look forward to working with you on this project and appreciate your continued support.

Sincerely,

Hector V. Barreto
Administrator