



VIRGINIA COASTAL RESILIENCE COLLABORATIVE

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A new Small Business Administration (SBA) rule¹ changes how permitting works for projects that use SBA disaster loans, but it does **not** alter building codes or safety standards. It affects permit approval, not the underlying rules everyone must follow.

When the rule applies:

The rule applies only to repairs or rebuilding financed in whole or in part by an SBA disaster loan. A builder or borrower **must still submit a complete permit or approval application** under local law. It does **not** change permitting for projects that do **not** use SBA disaster loans. If a *complete* application is still pending after **60 days**, the SBA rule says that the permit or approval requirement is treated as preempted for that specific SBA-financed project; and local governments cannot base stop-work or penalties **solely** on the absence of a permit.

What does *not* change:

All other requirements still apply. The rule does **not** give anyone or any projects the right to ignore codes, safety rules, or the technical standards for projects. Builders must still comply with local building codes, zoning rules, inspection requirements, and all other legal requirements as well as any conditions that would have applied under the permit. Local governments remain responsible for enforcing those substantive requirements through inspections, notices of violation, and other lawful tools.

What the rule means in practice:

Builders on SBA-financed disaster projects may be able to start or continue work after 60 days even if the permit is still pending **BUT** they still bear full responsibility for meeting all other legal requirements; if inspectors later find violations, builders may need to make costly corrections before they can occupy or use the building.

Bottom line:

For SBA-financed disaster projects, the rule allows work to begin 60 days after completion of a permit application, but it does **not** change the underlying legal standards. Contractors still must build to code, and local governments still must enforce those codes; only the permit requirement itself is preempted after 60 days on a complete application.

¹ <https://www.federalregister.gov/documents/2026/01/29/2026-01797/improving-sba-disaster-loan-ability-to-provide-meaningful-and-timely-assistance>