

110TH CONGRESS
1ST SESSION

H. R. 1044

To improve the disaster loan program of the Small Business Administration,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 14, 2007

Mr. BAKER (for himself, Mr. MELANCON, Mr. BOUSTANY, Mr. ALEXANDER,
Mr. JEFFERSON, Mr. MCCRERY, and Mr. JINDAL) introduced the fol-
lowing bill; which was referred to the Committee on Small Business

A BILL

To improve the disaster loan program of the Small Business
Administration, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Small Business Dis-
5 aster Response and Loan Improvements Act of 2007”.

6 **SEC. 2. PRIVATE DISASTER LOANS.**

7 (a) IN GENERAL.—Section 7 of the Small Business
8 Act (15 U.S.C. 636) is amended—

9 (1) by redesignating subsections (c) and (d) as
10 subsections (d) and (e), respectively; and

1 (2) by inserting after subsection (b) the fol-
2 lowing:

3 “(c) PRIVATE DISASTER LOANS.—

4 “(1) DEFINITIONS.—In this subsection—

5 “(A) the term ‘disaster area’ means a
6 county, parish, or similar unit of general local
7 government in which a disaster was declared
8 under subsection (b);

9 “(B) the term ‘eligible small business con-
10 cern’ means a business concern that is—

11 “(i) a small business concern, as de-
12 fined in this Act; or

13 “(ii) a small business concern, as de-
14 fined in section 103 of the Small Business
15 Investment Act of 1958; and

16 “(C) the term ‘qualified private lender’
17 means any privately-owned bank or other lend-
18 ing institution that the Administrator deter-
19 mines meets the criteria established under para-
20 graph (9).

21 “(2) AUTHORIZATION.—The Administrator may
22 guarantee timely payment of principal and interest,
23 as scheduled on any loan issued by a qualified pri-
24 vate lender to an eligible small business concern lo-
25 cated in a disaster area.

1 “(3) USE OF LOANS.—A loan guaranteed by
2 the Administrator under this subsection may be used
3 for any purpose authorized under subsection (a) or
4 (b).

5 “(4) ONLINE APPLICATIONS.—

6 “(A) ESTABLISHMENT.—The Adminis-
7 trator may establish, directly or through an
8 agreement with another entity, an online appli-
9 cation process for loans guaranteed under this
10 subsection.

11 “(B) OTHER FEDERAL ASSISTANCE.—The
12 Administrator may coordinate with the head of
13 any other appropriate Federal agency so that
14 any application submitted through an online ap-
15 plication process established under this para-
16 graph may be considered for any other Federal
17 assistance program for disaster relief.

18 “(C) CONSULTATION.—In establishing an
19 online application process under this paragraph,
20 the Administrator shall consult with appro-
21 priate persons from the public and private sec-
22 tors, including private lenders.

23 “(5) MAXIMUM AMOUNTS.—

1 “(A) GUARANTEE PERCENTAGE.—The Ad-
2 ministrator may guarantee not more than 85
3 percent of a loan under this subsection.

4 “(B) LOAN AMOUNTS.—The maximum
5 amount of a loan guaranteed under this sub-
6 section shall be \$2,000,000.

7 “(6) LOAN TERM.—The longest term of a loan
8 for a loan guaranteed under this subsection shall
9 be—

10 “(A) 15 years for any loan that is issued
11 without collateral; and

12 “(B) 25 years for any loan that is issued
13 with collateral.

14 “(7) FEES.—

15 “(A) IN GENERAL.—The Administrator
16 may not collect a guarantee fee under this sub-
17 section.

18 “(B) ORIGINATION FEE.—The Adminis-
19 trator may pay a qualified private lender an
20 origination fee for a loan guaranteed under this
21 subsection in an amount agreed upon in ad-
22 vance between the qualified private lender and
23 the Administrator.

24 “(8) DOCUMENTATION.—A qualified private
25 lender may use its own loan documentation for a

1 loan guaranteed by the Administrator, to the extent
2 authorized by the Administrator. The ability of a
3 lender to use its own loan documentation for a loan
4 offered under this subsection shall not be considered
5 part of the criteria for becoming a qualified private
6 lender under the regulations promulgated under
7 paragraph (9).

8 “(9) IMPLEMENTATION REGULATIONS.—

9 “(A) IN GENERAL.—Not later than 1 year
10 after the date of enactment of the Small Busi-
11 ness Disaster Response and Loan Improve-
12 ments Act of 2007, the Administrator shall
13 issue final regulations establishing permanent
14 criteria for qualified private lenders.

15 “(B) REPORT TO CONGRESS.—Not later
16 than 6 months after the date of enactment of
17 the Small Business Disaster Response and
18 Loan Improvements Act of 2007, the Adminis-
19 trator shall submit a report on the progress of
20 the regulations required by subparagraph (A) to
21 the Committee on Small Business and Entre-
22 preneurship of the Senate and the Committee
23 on Small Business of the House of Representa-
24 tives.

25 “(10) AUTHORIZATION OF APPROPRIATIONS.—

1 “(A) IN GENERAL.—Amounts necessary to
2 carry out this subsection shall be made avail-
3 able from amounts appropriated to the Admin-
4 istration under subsection (b).

5 “(B) AUTHORITY TO REDUCE INTEREST
6 RATES.—Funds appropriated to the Adminis-
7 tration to carry out this subsection may be used
8 by the Administrator, to the extent available, to
9 reduce the applicable rate of interest for a loan
10 guaranteed under this subsection by not more
11 than 3 percentage points.”.

12 (b) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to disasters declared under section
14 7(b)(2) of the Small Business Act (631 U.S.C. 636(b)(2))
15 before, on, or after the date of enactment of this Act.

16 **SEC. 3. TECHNICAL AND CONFORMING AMENDMENTS.**

17 The Small Business Act (15 U.S.C. 631 et seq.) is
18 amended—

19 (1) in section 4(c)—

20 (A) in paragraph (1), by striking “7(c)(2)”
21 and inserting “7(d)(2)”; and

22 (B) in paragraph (2)—

23 (i) by striking “7(c)(2)” and inserting
24 “7(d)(2)”; and

25 (ii) by striking “7(e),”; and

1 (2) in section 7(b), in the undesignated matter
2 following paragraph (3)—

3 (A) by striking “That the provisions of
4 paragraph (1) of subsection (c)” and inserting
5 “That the provisions of paragraph (1) of sub-
6 section (d)”;

7 (B) by striking “Notwithstanding the pro-
8 visions of any other law the interest rate on the
9 Administration’s share of any loan made under
10 subsection (b) except as provided in subsection
11 (c),” and inserting “Notwithstanding any other
12 provision of law, and except as provided in sub-
13 section (d), the interest rate on the Administra-
14 tion’s share of any loan made under subsection
15 (b)”.

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