

110TH CONGRESS  
2D SESSION

# H. R. 6920

To authorize the Secretary of the Treasury, on an emergency basis, to guarantee loans made by depository institutions during the 2008–2009 heating season to eligible consumers, under certain conditions, for home heating purchases and repairs, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 17, 2008

Mr. KANJORSKI introduced the following bill; which was referred to the  
Committee on Financial Services

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## A BILL

To authorize the Secretary of the Treasury, on an emergency basis, to guarantee loans made by depository institutions during the 2008–2009 heating season to eligible consumers, under certain conditions, for home heating purchases and repairs, 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 “Home Heating Loan  
5       Guarantee Act of 2008”.

6       **SEC. 2. FINDINGS.**

7       The Congress finds as follows:

1           (1) Heating oil, propane, and natural gas help  
2 to keep 70 percent of United States households  
3 warm.

4           (2) For 8,000,000 homes alone in the United  
5 States, heating oil is the primary source of heating  
6 and 6,200,000 of those homes are in the Northeast,  
7 including the Central Atlantic States.

8           (3) Over the last year and a half, the retail cost  
9 of heating oil has nearly tripled, as follows:

10           (A) In January 2007, a gallon of heating  
11 oil cost \$1.59.

12           (B) By autumn of 2007, the cost of 1 gal-  
13 lon was \$2.75.

14           (C) From October 2008 through March  
15 2009, heating oil is projected to average \$4.13  
16 per gallon, an increase of about 25 percent over  
17 last winter.

18           (D) Increases in natural gas and propane  
19 prices this winter are also projected.

20           (4) Many homeowners, already strapped finan-  
21 cially, simply will not be able to heat their homes  
22 this winter.

23           (5) In Northeastern Pennsylvania this winter,  
24 the average homeowner who uses 950 gallons of

1 home heating oil will have to pay between \$3,000 to  
2 \$4,000 for heating.

3 (6) While the Low Income Home Energy As-  
4 sistance Program operated by the Secretary of  
5 Health and Human Services through the Adminis-  
6 tration for Children and Families (the program is  
7 commonly referred to as “LIHEAP”) is a big help  
8 to consumers, the Program by itself is not enough  
9 to meet the challenge and the Congress should act  
10 to increase its funding as a separate matter.

11 (7) Heating oil dealers have faced and will con-  
12 tinue to face tremendous stress because of the price  
13 increase.

14 (8) Home heating oil dealers suffered cash flow  
15 problems in the Winter of 2007–2008 and, with  
16 such large price increases, the problems will only get  
17 worse in the Winter of 2008–2009.

18 (9) In the usage of trade in the home heating  
19 oil supply and distribution system, home heating oil  
20 dealers must typically pay suppliers within 10 days  
21 of delivery of oil.

22 (10) If customers cannot make timely payments  
23 to dealers, dealers, in turn, lack the cash to pay sup-  
24 pliers to keep supplies flowing to consumers.

1 **SEC. 3. GUARANTEED DEPOSITORY INSTITUTION LOANS TO**  
2 **HOME HEATING SUPPLIERS.**

3 (a) DEFINITIONS.—For purposes of this section, the  
4 following definitions shall apply:

5 (1) CONSUMER.—The term “consumer” means  
6 an individual or household who acquires goods or  
7 services from a home heating supplier primarily for  
8 personal, family, or household purposes.

9 (2) DEPOSITORY INSTITUTION.—The term “de-  
10 pository institution” has the same meaning as in  
11 section 19(b)(1)(A) of the Federal Reserve Act.

12 (3) ELIGIBLE CONSUMER.—The term “eligible  
13 consumer means” means any individual or household  
14 whose household income for the last year ending be-  
15 fore any receiving any loan under this section did  
16 not exceed an amount equal to 150 percent of the  
17 national median household income for such year.

18 (4) QUALIFIED HOME HEATING LOAN.—The  
19 term “qualified home heating loan” means an unse-  
20 cured consumer loan to an eligible consumer that is  
21 made for the sole purpose of paying a home heating  
22 supplier for home heating supplies delivered by such  
23 supplier (or to be delivered), or repairs made by the  
24 supplier to broken home heating equipment or leak-  
25 ing or frozen lines, during the 2008–2009 home  
26 heating season.

1           (5) HOME HEATING SUPPLIER.—The term  
2           “home heating supplier” means a business engaged  
3           in retail distribution of heating oil, propane, or nat-  
4           ural gas to consumers.

5           (6) SECRETARY.—The term “Secretary” means  
6           the Secretary of the Treasury.

7           (b) LOAN GUARANTEES AUTHORIZED.—Subject to  
8           the requirements of this section and to the extent and in  
9           such amounts as are provided in advance in appropriation  
10          Acts, the Secretary may guarantee qualified home heating  
11          loans made by depository institutions during the 2008–  
12          2009 home heating season when the Secretary determines  
13          that such action is necessary to minimize disruptions in  
14          the supply and distribution of home heating resources due  
15          to the inability of customers of the suppliers to pay for  
16          home heating supplies delivered by such supplier or re-  
17          pairs made by the supplier to broken home heating equip-  
18          ment or leaking or frozen lines.

19          (c) TERMS AND CONDITIONS.—

20               (1) ANNUAL PERCENTAGE RATE.—The interest  
21               imposed on any qualified home heating loan that is  
22               guaranteed by the Secretary under this section shall  
23               be at a fixed rate and the annual percentage rate (as  
24               determined in accordance with the Truth in Lending

1 Act) with respect to such loan may not exceed 5 per-  
2 cent.

3 (2) ORIGINATION FEES.—The total amount of  
4 loan origination fees imposed in connection with any  
5 qualified home heating loan that is guaranteed by  
6 the Secretary under this section, in accordance with  
7 regulations which the Secretary shall prescribe, may  
8 not exceed an amount equal to 1 percent of the prin-  
9 cipal of the loan.

10 (3) MAXIMUM LOAN AMOUNT.—The amount of  
11 any credit extended under any qualified home heat-  
12 ing loan that is guaranteed by the Secretary under  
13 this section may not exceed \$5,000.

14 (4) REPAYMENT PERIOD.—Any qualified home  
15 heating loan that is guaranteed by the Secretary  
16 under this section shall be fully amortized under a  
17 repayment schedule that requires full repayment be-  
18 fore the end of the 2-year period beginning on the  
19 date the loan is consummated.

20 (5) OTHER TERMS AND CONDITIONS.—The Sec-  
21 retary may establish by regulation such additional  
22 terms and conditions that shall apply with regard to  
23 qualified home heating loans as the Secretary may  
24 determine to be appropriate.

25 (d) PROVISIONS RELATING TO PROGRAM.—

1           (1) DISTRIBUTION OF PROCEEDS.—To accel-  
2           erate the distribution of loan proceeds and limit  
3           fraud, the Secretary may require, by regulation, that  
4           the proceeds of a qualified home heating loan to be  
5           disbursed directly to a home heating supplier des-  
6           ignated by the consumer, except that the Secretary  
7           may also require that the consumer cosign for any  
8           disbursement of such proceeds when necessary for  
9           the protection of consumers.

10          (2) BACKGROUND CHECKS.—The Secretary  
11          may take such action as appropriate, or require such  
12          verification by a depository institution as appro-  
13          priate, to ascertain—

14                 (A) the character and creditworthiness of a  
15                 home heating supplier, including any owner or  
16                 managing directors or employees of the sup-  
17                 plier, and any consumer seeking to qualify for  
18                 a home heating loan; and

19                 (B) the effectiveness of the consumer oper-  
20                 ations of the home heating supplier established  
21                 to meet the requirements of the Secretary  
22                 under paragraph (1).

23          (3) OVERALL LOAN LIMITS.—The Secretary  
24          may, by regulation establish such criteria and re-

1        requirements, as the Secretary may determine to be  
2        appropriate with respect to—

3                (A) the total number of loans or the aggregate  
4                loan amounts guaranteed under this section  
5                that are made to customers of any single  
6                home heating supplier or by any depository institution;  
7                and

8                (B) the total number of loans or the aggregate  
9                loan maximum loan amounts guaranteed  
10                under this section that are made to customers  
11                of home heating suppliers, or by depository institutions,  
12                operating in a geographical area or  
13                region as the Secretary may prescribe.

14                (4) SELF-CERTIFICATION.—To expedite implementation  
15                of the program, a depository institution  
16                may self-certify that any consumer loan and any  
17                consumer meets the eligibility standards for a qualified  
18                home heating loan in order to obtain the guarantee  
19                with respect to a home heating loan to such  
20                consumer, except that any guarantee of such loan  
21                shall be subject to a demonstration by such depository  
22                institution that the loan actually met such eligibility  
23                standards if the depository institution submits  
24                a claim to the Secretary with regard to such guarantee  
25                in the event of nonpayment by the consumer.

1           (e) ENFORCEMENT.—The Secretary may exercise any  
2 power or authority of the Secretary arising under any  
3 other provision of law, including section 5318 of title 31,  
4 United States Code, to carry out this section and enforce  
5 any provision of this section or any requirement or obliga-  
6 tion arising under this section or any regulation prescribed  
7 under this section.

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