

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.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 17, 2008

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

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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