

110TH CONGRESS
1ST SESSION

S. 599

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

IN THE SENATE OF THE UNITED STATES

FEBRUARY 14, 2007

Ms. SNOWE (for herself, Ms. LANDRIEU, and Mr. VITTER) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

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 “Private Disaster Loans
5 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 (b).

4 “(4) ONLINE APPLICATIONS.—

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

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

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

22 “(5) MAXIMUM AMOUNTS.—

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

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

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

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

9 “(B) 25 years for any loan that is issued
10 with collateral.

11 “(7) FEES.—

12 “(A) IN GENERAL.—The Administrator
13 may not collect a guarantee fee under this sub-
14 section.

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

21 “(8) DOCUMENTATION.—A qualified private
22 lender may use its own loan documentation for a
23 loan guaranteed by the Administrator, to the extent
24 authorized by the Administrator. The ability of a
25 lender to use its own loan documentation for a loan

1 offered under this subsection shall not be considered
2 part of the criteria for becoming a qualified private
3 lender under the regulations promulgated under
4 paragraph (9).

5 “(9) IMPLEMENTATION REGULATIONS.—

6 “(A) IN GENERAL.—Not later than 1 year
7 after the date of enactment of the Private Dis-
8 aster Loans Act of 2007, the Administrator
9 shall issue final regulations establishing perma-
10 nent criteria for qualified private lenders.

11 “(B) REPORT TO CONGRESS.—Not later
12 than 6 months after the date of enactment of
13 the Private Disaster Loans Act of 2007, the
14 Administrator shall submit a report on the
15 progress of the regulations required by subpara-
16 graph (A) to the Committee on Small Business
17 and Entrepreneurship of the Senate and the
18 Committee on Small Business of the House of
19 Representatives.

20 “(10) AUTHORIZATION OF APPROPRIATIONS.—

21 “(A) IN GENERAL.—Amounts necessary to
22 carry out this subsection shall be made avail-
23 able from amounts appropriated to the Admin-
24 istration under subsection (b).

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

8 (b) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to disasters declared under section
 10 7(b)(2) of the Small Business Act (631 U.S.C. 636(b)(2))
 11 before, on, or after the date of enactment of this Act.

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

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

15 (1) in section 4(c)—

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

18 (B) in paragraph (2)—

19 (i) by striking “7(c)(2)” and inserting
 20 “7(d)(2)”; and

21 (ii) by striking “7(e),”; and

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

24 (A) by striking “That the provisions of
 25 paragraph (1) of subsection (c)” and inserting

1 “That the provisions of paragraph (1) of sub-
2 section (d)”;

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

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