

111TH CONGRESS  
1ST SESSION

# H. R. 3743

To amend the Small Business Act to improve the disaster relief programs of the Small Business Administration, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 7, 2009

Mr. GRIFFITH introduced the following bill; which was referred to the Committee on Small Business

---

## A BILL

To amend the Small Business Act to improve the disaster relief programs 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 Readiness and Reform Act of 2009”.

6       **SEC. 2. REVISED COLLATERAL REQUIREMENTS.**

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

9               (1) by striking “(e) [RESERVED].” and “(f)  
10       [RESERVED].”; and

1           (2) in subsection (f), as added by section  
 2           12068(a)(2) of the Small Business Disaster Re-  
 3           sponse and Loan Improvements Act of 2008 (sub-  
 4           title B of title XII of the Food, Conservation, and  
 5           Energy Act of 2008; Public Law 110–246), by add-  
 6           ing at the end the following:

7           “(2) REVISED COLLATERAL REQUIREMENTS.—  
 8           In making a loan with respect to a business under  
 9           subsection (b), if the total approved amount of such  
 10          loan is less than or equal to \$250,000, the Adminis-  
 11          trator may not require the borrower to use the bor-  
 12          rower’s home as collateral.”.

13 **SEC. 3. INCREASED LIMITS.**

14          Section 7(b) of the Small Business Act (15 U.S.C.  
 15          636(b)) is amended—

16           (1) in paragraph (3)(E) by striking  
 17           “\$1,500,000” each place it appears and inserting  
 18           “\$3,000,000”; and

19           (2) in paragraph (8)(A) by striking  
 20           “\$2,000,000” and inserting “\$3,000,000”.

21 **SEC. 4. REVISED REPAYMENT TERMS.**

22          Section 7(f) of the Small Business Act (15 U.S.C.  
 23          636(f)) is amended by adding at the end the following:

24           “(3) REVISED REPAYMENT TERMS.—In making  
 25          loans under subsection (b), the Administrator—

1           “(A) may not require repayment to begin  
 2           until the date that is 12 months after the date  
 3           on which the final disbursement of approved  
 4           amounts is made; and

5           “(B) shall calculate the amount of repay-  
 6           ment based solely on the amounts disbursed.”.

7 **SEC. 5. REVISED DISBURSEMENT PROCESS.**

8           Section 7(f) of the Small Business Act (15 U.S.C.  
 9   636(f)), as amended by this Act, is further amended by  
 10   adding at the end the following:

11           “(4) REVISED DISBURSEMENT PROCESS.—In  
 12           making a loan under subsection (b), the Adminis-  
 13           trator shall disburse loan amounts in accordance  
 14           with the following:

15           “(A) If the total amount approved with re-  
 16           spect to such loan is less than or equal to  
 17           \$150,000—

18           “(i) the first disbursement with re-  
 19           spect to such loan shall consist of 40 per-  
 20           cent of the total loan amount, or a lesser  
 21           percentage of the total loan amount if the  
 22           Administrator and the borrower agree on  
 23           such a lesser percentage;

24           “(ii) the second disbursement shall  
 25           consist of 50 percent of the loan amounts

1 that remain after the first disbursement,  
2 and shall be made when the borrower has  
3 produced satisfactory receipts to dem-  
4 onstrate the proper use of 50 percent of  
5 the first disbursement; and

6 “(iii) the third disbursement shall  
7 consist of the loan amounts that remain  
8 after the preceding disbursements, and  
9 shall be made when the borrower has pro-  
10 duced satisfactory receipts to demonstrate  
11 the proper use of the first disbursement  
12 and 50 percent of the second disburse-  
13 ment.

14 “(B) If the total amount approved with re-  
15 spect to such loan is more than \$150,000 but  
16 less than or equal to \$500,000—

17 “(i) the first disbursement with re-  
18 spect to such loan shall consist of 20 per-  
19 cent of the total loan amount, or a lesser  
20 percentage of the total loan amount if the  
21 Administrator and the borrower agree on  
22 such a lesser percentage;

23 “(ii) the second disbursement shall  
24 consist of 30 percent of the loan amounts  
25 that remain after the first disbursement,

1 and shall be made when the borrower has  
2 produced satisfactory receipts to dem-  
3 onstrate the proper use of 50 percent of  
4 the first disbursement;

5 “(iii) the third disbursement shall  
6 consist of 25 percent of the loan amounts  
7 that remain after the first and second dis-  
8 bursements, and shall be made when the  
9 borrower has produced satisfactory receipts  
10 to demonstrate the proper use of the first  
11 disbursement and 50 percent of the second  
12 disbursement; and

13 “(iv) the fourth disbursement shall  
14 consist of the loan amounts that remain  
15 after the preceding disbursements, and  
16 shall be made when the borrower has pro-  
17 duced satisfactory receipts to demonstrate  
18 the proper use of the first and second dis-  
19 bursements and 50 percent of the third  
20 disbursement.

21 “(C) If the total amount approved with re-  
22 spect to such loan is more than \$500,000—

23 “(i) the first disbursement with re-  
24 spect to such loan shall consist of at least  
25 \$100,000, or a lesser amount if the Ad-

1            administrator and the borrower agree on  
 2            such a lesser amount; and

3            “(ii) the number of disbursements  
 4            after the first, and the amount of each  
 5            such disbursement, shall be in the discre-  
 6            tion of the Administrator, but the amount  
 7            of each such disbursement shall be at least  
 8            \$100,000.”.

9    **SEC. 6. GRANT PROGRAM.**

10        Section 7(b) of the Small Business Act (15 U.S.C.  
 11    636(b)), as amended by this Act, is further amended by  
 12    inserting after paragraph (9) the following:

13            “(10) GRANTS TO DISASTER-AFFECTED SMALL  
 14    BUSINESSES.—

15            “(A) IN GENERAL.—If the Administrator  
 16            declares eligibility for additional disaster assist-  
 17            ance under paragraph (9), the Administrator  
 18            may make a grant, in an amount not exceeding  
 19            \$100,000, to a small business concern that—

20            “(i) is located in an area affected by  
 21            the applicable major disaster;

22            “(ii) submits to the Administrator a  
 23            certification by the owner of the concern  
 24            that such owner intends to reestablish the

1 concern in the same county in which the  
2 concern was originally located;

3 “(iii) has applied for, and was rejected  
4 for, a conventional disaster assistance loan  
5 under this subsection; and

6 “(iv) was in existence for at least 2  
7 years before the date on which the applica-  
8 ble disaster declaration was made.

9 “(B) PRIORITY.—In making grants under  
10 this paragraph, the Administrator shall give  
11 priority to a small business concern that the  
12 Administrator determines is economically viable  
13 but unable to meet short-term financial obliga-  
14 tions.

15 “(C) AUTHORIZATION OF APPROPRIA-  
16 TIONS.—There are authorized to be appro-  
17 priated to the Administrator such sums as may  
18 be necessary to carry out this paragraph.”.

19 **SEC. 7. REGIONAL DISASTER WORKING GROUPS.**

20 Section 40 of the Small Business Act (15 U.S.C.  
21 657l) is amended—

22 (1) in subsection (a), in the matter preceding  
23 paragraph (1), by striking “or” and inserting “and”;

24 (2) by redesignating subsection (d) as sub-  
25 section (e); and

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

3       “(d) REGIONAL DISASTER WORKING GROUPS.—In  
 4 carrying out subsection (a), the Administrator, acting  
 5 through the regional administrators of the regional offices  
 6 of the Administration, shall develop a disaster prepared-  
 7 ness and response plan for each region of the Administra-  
 8 tion. Each such plan shall be developed in cooperation  
 9 with Federal, State, and local emergency response authori-  
 10 ties and representatives of businesses located in the region  
 11 to which such plan applies. Each such plan shall identify  
 12 and include a plan relating to the 3 disasters, natural or  
 13 manmade, most likely to occur in the region to which such  
 14 plan applies.”.

15 **SEC. 8. OUTREACH GRANTS FOR LOAN APPLICANT ASSIST-**  
 16 **ANCE.**

17       Section 7(b) of the Small Business Act (15 U.S.C.  
 18 636(b)), as amended by this Act, is further amended by  
 19 inserting after paragraph (10) the following:

20       “(11) OUTREACH GRANTS FOR LOAN APPLI-  
 21 CANT ASSISTANCE.—

22       “(A) IN GENERAL.—From amounts made  
 23 available for administrative expenses relating to  
 24 activities under this subsection, the Adminis-



1           trator is authorized to make grants to the fol-  
2           lowing:

3                   “(i) A women’s business center in an  
4                   area affected by a disaster.

5                   “(ii) A small business development  
6                   center in an area affected by a disaster.

7                   “(iii) A Veteran Business Outreach  
8                   Center in an area affected by a disaster.

9                   “(iv) A chamber of commerce in an  
10                  area affected by a disaster.

11                  “(B) USE OF GRANT.—An entity specified  
12                  under subparagraph (A) shall use a grant re-  
13                  ceived under this paragraph to provide applica-  
14                  tion preparation assistance to applicants for a  
15                  loan under this subsection.”.

○