

111TH CONGRESS
1ST SESSION

H. R. 3743

IN THE SENATE OF THE UNITED STATES

NOVEMBER 9, 2009

Received; read twice and referred to the Committee on Small Business and
Entrepreneurship

AN ACT

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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Small Business Dis-
3 aster Readiness and Reform Act of 2009”.

4 **SEC. 2. REVISED COLLATERAL REQUIREMENTS.**

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

7 (1) by striking “(e) [RESERVED].” and “(f)
8 [RESERVED].”; and

9 (2) in subsection (f), as added by section
10 12068(a)(2) of the Small Business Disaster Re-
11 sponse and Loan Improvements Act of 2008 (sub-
12 title B of title XII of the Food, Conservation, and
13 Energy Act of 2008; Public Law 110–246), by add-
14 ing at the end the following:

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

21 **SEC. 3. INCREASED LIMITS.**

22 Section 7(b) of the Small Business Act (15 U.S.C.
23 636(b)) is amended—

24 (1) in paragraph (3)(E) by striking
25 “\$1,500,000” each place it appears and inserting
26 “\$3,000,000”; and

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

3 **SEC. 4. REVISED REPAYMENT TERMS.**

4 Section 7(f) of the Small Business Act (15 U.S.C.
5 636(f)) is amended by adding at the end the following:

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

8 “(A) may not require repayment to begin
9 until the date that is 12 months after the date
10 on which the final disbursement of approved
11 amounts is made; and

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

14 **SEC. 5. REVISED DISBURSEMENT PROCESS.**

15 Section 7(f) of the Small Business Act (15 U.S.C.
16 636(f)), as amended by this Act, is further amended by
17 adding at the end the following:

18 “(4) REVISED DISBURSEMENT PROCESS.—In
19 making a loan under subsection (b), the Adminis-
20 trator shall disburse loan amounts in accordance
21 with the following:

22 “(A) If the total amount approved with re-
23 spect to such loan is less than or equal to
24 \$150,000—

1 “(i) the first disbursement with re-
2 spect to such loan shall consist of 40 per-
3 cent of the total loan amount, or a lesser
4 percentage of the total loan amount if the
5 Administrator and the borrower agree on
6 such a lesser percentage;

7 “(ii) the second disbursement shall
8 consist of 50 percent of the loan amounts
9 that remain after the first disbursement,
10 and shall be made when the borrower has
11 produced satisfactory receipts to dem-
12 onstrate the proper use of 50 percent of
13 the first disbursement; and

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

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

1 “(i) the first disbursement with re-
2 spect to such loan shall consist of 20 per-
3 cent of the total loan amount, or a lesser
4 percentage of the total loan amount if the
5 Administrator and the borrower agree on
6 such a lesser percentage;

7 “(ii) the second disbursement shall
8 consist of 30 percent of the loan amounts
9 that remain after the first disbursement,
10 and shall be made when the borrower has
11 produced satisfactory receipts to dem-
12 onstrate the proper use of 50 percent of
13 the first disbursement;

14 “(iii) the third disbursement shall
15 consist of 25 percent of the loan amounts
16 that remain after the first and second dis-
17 bursements, and shall be made when the
18 borrower has produced satisfactory receipts
19 to demonstrate the proper use of the first
20 disbursement and 50 percent of the second
21 disbursement; and

22 “(iv) the fourth disbursement shall
23 consist of the loan amounts that remain
24 after the preceding disbursements, and
25 shall be made when the borrower has pro-

1 duced satisfactory receipts to demonstrate
2 the proper use of the first and second dis-
3 bursements and 50 percent of the third
4 disbursement.

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

7 “(i) the first disbursement with re-
8 spect to such loan shall consist of at least
9 \$100,000, or a lesser amount if the Ad-
10 ministrator and the borrower agree on
11 such a lesser amount; and

12 “(ii) the number of disbursements
13 after the first, and the amount of each
14 such disbursement, shall be in the discre-
15 tion of the Administrator, but the amount
16 of each such disbursement shall be at least
17 \$100,000.”.

18 **SEC. 6. GRANT PROGRAM.**

19 Section 7(b) of the Small Business Act (15 U.S.C.
20 636(b)), as amended by this Act, is further amended by
21 inserting after paragraph (9) the following:

22 “(10) GRANTS TO DISASTER-AFFECTED SMALL
23 BUSINESSES.—

24 “(A) IN GENERAL.—If the Administrator
25 declares eligibility for additional disaster assist-

1 ance under paragraph (9), the Administrator
2 may make a grant, in an amount not exceeding
3 \$100,000, to a small business concern that—

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

6 “(ii) submits to the Administrator a
7 certification by the owner of the concern
8 that such owner intends to reestablish the
9 concern in the same county in which the
10 concern was originally located;

11 “(iii) has applied for, and was rejected
12 for, a conventional disaster assistance loan
13 under this subsection; and

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

17 “(B) PRIORITY.—In making grants under
18 this paragraph, the Administrator shall give
19 priority to a small business concern that the
20 Administrator determines is economically viable
21 but unable to meet short-term financial obliga-
22 tions.

23 “(C) PROGRAM LEVEL AND AUTHORIZA-
24 TION OF APPROPRIATIONS.—

1 “(i) PROGRAM LEVEL.—The Adminis-
2 trator is authorized to make \$100,000,000
3 in grants under this paragraph for each of
4 fiscal years 2010 and 2011.

5 “(ii) AUTHORIZATION OF APPROPRIA-
6 TIONS.—There are authorized to be appro-
7 priated to the Administrator such sums as
8 may be necessary to carry out this para-
9 graph.”.

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

11 Section 40 of the Small Business Act (15 U.S.C.
12 657l) is amended—

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

15 (2) by redesignating subsection (d) as sub-
16 section (e); and

17 (3) by inserting after subsection (e) the fol-
18 lowing:

19 “(d) REGIONAL DISASTER WORKING GROUPS.—In
20 carrying out the responsibilities pertaining to loan making
21 activities under subsection (a), the Administrator, acting
22 through the regional administrators of the regional offices
23 of the Administration, shall develop a disaster prepared-
24 ness and response plan for each region of the Administra-
25 tion. Each such plan shall be developed in cooperation

1 with Federal, State, and local emergency response authori-
2 ties and representatives of businesses located in the region
3 to which such plan applies. Each such plan shall identify
4 and include a plan relating to the 3 disasters, natural or
5 manmade, most likely to occur in the region to which such
6 plan applies.”.

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

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

12 “(11) OUTREACH GRANTS FOR LOAN APPLI-
13 CANT ASSISTANCE.—

14 “(A) IN GENERAL.—From amounts made
15 available for administrative expenses relating to
16 activities under this subsection, the Adminis-
17 trator is authorized to make grants to the fol-
18 lowing:

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

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

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

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

3 “(B) USE OF GRANT.—An entity specified
4 under subparagraph (A) shall use a grant re-
5 ceived under this paragraph to provide applica-
6 tion preparation assistance to applicants for a
7 loan under this subsection.

8 “(C) PROGRAM LEVEL.—The Adminis-
9 trator is authorized to make \$50,000,000 in
10 grants under this paragraph for each of fiscal
11 years 2010 and 2011.”.

12 **SEC. 9. HOMEOWNERS IMPACTED BY TOXIC DRYWALL.**

13 Section 7(b) of the Small Business Act (15 U.S.C.
14 636(b)), as amended by this Act, is further amended by
15 inserting after paragraph (11) the following:

16 “(12) HOMEOWNERS IMPACTED BY TOXIC
17 DRYWALL.—The Administrator may make a loan
18 under this subsection to any homeowner if the pri-
19 mary residence of such homeowner has been ad-
20 versely impacted by the installation of toxic drywall
21 manufactured in China. A loan under this paragraph
22 may be used only for the repair or replacement of
23 such toxic drywall.”.

1 **SEC. 10. AUTHORIZATION OF APPROPRIATIONS.**

2 Section 20 of the Small Business Act (15 U.S.C. 631
3 note) is amended by inserting after subsection (e) the fol-
4 lowing:

5 “(f) FISCAL YEARS 2010 AND 2011 WITH RESPECT
6 TO SECTION 7(b).—There is authorized to be appropriated
7 such sums as may be necessary for administrative ex-
8 penses and loans under section 7(b).”.

9 **SEC. 11. REGULATIONS.**

10 Except as otherwise provided in this Act or in amend-
11 ments made by this Act, after an opportunity for notice
12 and comment, but not later than 180 days after the date
13 of the enactment of this Act, the Administrator shall issue
14 regulations to carry out this Act and the amendments
15 made by this Act.

Passed the House of Representatives November 6,
2009.

Attest: LORRAINE C. MILLER,
Clerk.