

112TH CONGRESS
2D SESSION

H. R. 6296

To amend the Small Business Act to provide the interest rate for certain disaster related loans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 2, 2012

Mr. BARLETTA (for himself, Ms. HAHN, Mr. HOLDEN, and Ms. CHU) introduced the following bill; which was referred to the Committee on Small Business

A BILL

To amend the Small Business Act to provide the interest rate for certain disaster related loans, 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 “Disaster Loan Fair-
5 ness Act of 2012”.

6 **SEC. 2. INTEREST RATE FOR CERTAIN DISASTER RELATED**
7 **LOANS.**

8 Section 7(d) of the Small Business Act is amended
9 by adding at the end the following:

1 “(8)(A) Upon application, the Administration shall
2 grant an interest rate determined under this paragraph
3 with respect to any qualifying disaster loan.

4 “(B) For the purposes of this paragraph a qualifying
5 disaster loan is the Administration’s share of a loan—

6 “(i) for which the interest rate would be set
7 pursuant to paragraph (5) but for the operation of
8 this paragraph;

9 “(ii) which is or was made with respect to activ-
10 ity in an area when the President has declared a
11 major disaster in that area under section 401 of the
12 Stafford Act; and

13 “(iii) which is or was made during the period
14 beginning January 1, 2011, and ending on the date
15 that is 4 years after the date of the enactment of
16 the Disaster Loan Fairness Act of 2012.

17 “(C) The Administrator shall determine the interest
18 rate for each calendar year to be the lesser of—

19 “(i) 4 percent; and

20 “(ii) a rate equivalent to $\frac{1}{2}$ the rate prevailing
21 in the private market for similar loans for those un-
22 able to attain credit elsewhere and $\frac{3}{4}$ of that pre-
23 vailing rate for those able to attain credit elsewhere.

24 “(D) The Administrator shall refund excess interest
25 payments to borrowers whose interest rate on already

1 made loans is lowered by reason of the operation of the
2 paragraph.

3 “(E) Not later than one year after the date of the
4 enactment of the Disaster Loan Fairness Act of 2012, the
5 Administrator shall report to Congress as part of the an-
6 nual report under Section 10(a) on whether the interest
7 rate provided by this paragraph has resulted in any or
8 all of the following:

9 “(i) A greater number of applications for dis-
10 aster related loans.

11 “(ii) A greater number of approvals of disaster
12 related loans.

13 “(iii) A decreased default rate on disaster re-
14 lated loans.”.

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