

# Union Calendar No. 47

110TH CONGRESS  
1ST SESSION

# H. R. 1361

[Report No. 110-82]

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

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 6, 2007

Ms. VELÁZQUEZ (for herself, Mr. BAKER, Mr. JEFFERSON, Mr. TAYLOR, Mr. MELANCON, Mr. GONZALEZ, Mr. GRIJALVA, Mr. LIPINSKI, Ms. MOORE of Wisconsin, Mr. BRALEY of Iowa, and Mr. JOHNSON of Georgia) introduced the following bill; which was referred to the Committee on Small Business

MARCH 30, 2007

Additional sponsors: Mr. JINDAL and Ms. MILLENDER-McDONALD

MARCH 30, 2007

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on March 6, 2007]

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## A BILL

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; TABLE OF CONTENTS.**

2       (a) *SHORT TITLE.*—*This Act may be cited as the “Re-*  
 3 *lief for Entrepreneurs: Coordination of Objectives and Val-*  
 4 *ues for Effective Recovery Act of 2007” or the “RECOVER*  
 5 *Act”.*

6       (b) *TABLE OF CONTENTS.*—*The table of contents for*  
 7 *this Act is as follows:*

*Sec. 1. Short title; table of contents.*

*TITLE I—PLANNING*

*Sec. 101. Comprehensive disaster response plan.*

*Sec. 102. Annual disaster simulation exercise.*

*Sec. 103. Disaster reserve corps.*

*Sec. 104. Plans to secure additional office space.*

*Sec. 105. Coordination of disaster assistance programs with FEMA.*

*Sec. 106. Associate Administrator for Disaster Assistance.*

*TITLE II—LENDING*

*Sec. 201. Incidents of National Significance.*

*Sec. 202. Information tracking and follow-up system.*

*Sec. 203. Immediate Disaster Assistance program.*

*Sec. 204. Increased deferment period.*

*Sec. 205. Revised repayment terms.*

*Sec. 206. Revised disbursement process.*

*Sec. 207. Revised collateral requirements.*

*Sec. 208. Enhanced lending authority for private lenders.*

*Sec. 209. Disaster processing redundancy.*

*Sec. 210. Grant program.*

*Sec. 211. Waiver of prohibition on duplication of certain benefits.*

*Sec. 212. Increase legislative limit.*

*Sec. 213. Net earnings clauses prohibited.*

*Sec. 214. Economic injury disaster loans to nonprofits.*

*Sec. 215. Applicants that will constitute a major source of employment due to  
 changed economic circumstances.*

*Sec. 216. Preliminary application process for assistance for small business con-  
 cerns with essential employees ordered to serve on active duty in  
 the Armed Forces.*

*Sec. 217. Economic injury disaster loans in cases of ice storms and blizzards.*

*Sec. 218. Economic injury disaster loans for businesses affected by lack of snow-  
 fall.*

*TITLE III—OVERSIGHT*

*Sec. 301. Reports on disaster assistance.*

# **TITLE I—PLANNING**

## **SEC. 101. COMPREHENSIVE DISASTER RESPONSE PLAN.**

*The Small Business Act is amended by redesignating section 37 as section 99 and by inserting after section 36 the following:*

### **“SEC. 37. COMPREHENSIVE DISASTER RESPONSE PLAN.**

*“(a) PLAN REQUIRED.—The Administrator shall develop, implement, and maintain a comprehensive written disaster response plan. The plan shall include the following:*

*“(1) For each region of the Administration, a description of the disasters most likely to occur in that region.*

*“(2) For each disaster described under paragraph (1)—*

*“(A) an assessment of the disaster;*

*“(B) an assessment of the demand for Administration assistance most likely to occur in response to the disaster;*

*“(C) an assessment of the needs of the Administration, with respect to such resources as information technology, telecommunications, human resources, and office space, to meet the demand referred to in subparagraph (B); and*

*“(D) guidelines pursuant to which the Administration will coordinate with other Federal*

1            *agencies and with State and local authorities to*  
2            *best respond to the demand referred to in sub-*  
3            *paragraph (B) and to best use the resources re-*  
4            *ferred to in that subparagraph.*

5            *“(b) COMPLETION; REVISION.—The first plan required*  
6            *by subsection (a) shall be completed not later than 180 days*  
7            *after the date of the enactment of this section. Thereafter,*  
8            *the Administrator shall update the plan on an annual basis*  
9            *and following any incident of national significance (as de-*  
10           *clared by the President or his designee).*

11           *“(c) KNOWLEDGE REQUIRED.—The Administrator*  
12           *shall carry out subsections (a) and (b) through an indi-*  
13           *vidual with substantial knowledge in the field of disaster*  
14           *readiness and emergency response.*

15           *“(d) REPORT.—The Administrator shall include a re-*  
16           *port on the plan whenever the Administrator submits the*  
17           *report required by section 47(a).”.*

18           **SEC. 102. ANNUAL DISASTER SIMULATION EXERCISE.**

19           *The Small Business Act is amended by inserting after*  
20           *section 37 (as added by section 101) the following:*

21           **“SEC. 38. ANNUAL DISASTER SIMULATION EXERCISE.**

22           *“(a) EXERCISE REQUIRED.—The Administrator shall*  
23           *conduct a disaster simulation exercise at least once each*  
24           *fiscal year. The exercise shall include the participation of,*  
25           *at a minimum, not less than half of the individuals in the*

1 *disaster reserve corps and shall test, at maximum capacity,*  
2 *all of the information technology and telecommunications*  
3 *systems of the Administration that are vital to the activities*  
4 *of the Administration during such a disaster.*

5 “(b) *REPORT.*—*The Administrator shall include a re-*  
6 *port on the disaster simulation exercise whenever the Ad-*  
7 *ministration submits the report required by section 47(a).”.*

8 **SEC. 103. DISASTER RESERVE CORPS.**

9 *The Small Business Act is amended by inserting after*  
10 *section 38 (as added by section 102) the following:*

11 **“SEC. 39. DISASTER RESERVE CORPS.**

12 “(a) *CORPS REQUIRED.*—*The Administrator shall*  
13 *maintain within the Administration a disaster reserve*  
14 *corps, the purpose of which is to perform the functions of*  
15 *the Administration related to disaster response. The corps*  
16 *shall consist of at least 1,000 individuals, each of whom—*

17 “(1) *does not ordinarily have the duties of a full-*  
18 *time officer or employee of the Administration; but*

19 “(2) *is able to assume duties related to disaster*  
20 *response when the Administrator so requires.*

21 “(b) *TRAINING.*—*The Administrator shall ensure that*  
22 *each individual in the corps receives training each year in*  
23 *one or more functions relating to disaster response. To the*  
24 *maximum extent practicable, the function in which an in-*  
25 *dividual is trained in one year shall be different from the*

1 *function in which the individual was trained in prior*  
2 *years.*

3 “(c) *GEOGRAPHIC DISTRIBUTION.*—*The Administrator*  
4 *shall ensure that not more than 30 percent of the individ-*  
5 *uals in the corps reside in any one region of the Adminis-*  
6 *tration.*

7 “(d) *REPORT.*—*The Administrator shall include a re-*  
8 *port on the corps whenever the Administration submits the*  
9 *report required by section 47(a).”.*

10 **SEC. 104. PLANS TO SECURE ADDITIONAL OFFICE SPACE.**

11 *The Small Business Act is amended by inserting after*  
12 *section 39 (as added by section 103) the following:*

13 **“SEC. 40. PLANS TO SECURE ADDITIONAL OFFICE SPACE.**

14 “(a) *PLANS REQUIRED.*—*The Administrator shall de-*  
15 *velop long-term plans to secure additional office space to*  
16 *accommodate an expanded workforce in times of disaster.*

17 “(b) *REPORT.*—*The Administrator shall include a re-*  
18 *port on the plans whenever the Administration submits the*  
19 *report required by section 47(a).”.*

20 **SEC. 105. COORDINATION OF DISASTER ASSISTANCE PRO-**  
21 **GRAMS WITH FEMA.**

22 *The Small Business Act is amended by inserting after*  
23 *section 40 (as added by section 104) the following:*

1 **“SEC. 41. COORDINATION OF DISASTER ASSISTANCE PRO-**  
2 **GRAMS WITH FEMA.**

3 *“(a) COORDINATION REQUIRED.—The Administrator*  
4 *shall ensure that the disaster assistance programs of the Ad-*  
5 *ministration are coordinated, to the maximum extent prac-*  
6 *ticable, with the disaster assistance programs of the Federal*  
7 *Emergency Management Agency.*

8 *“(b) REGULATIONS REQUIRED.—The Administrator,*  
9 *in consultation with the Director of the Federal Emergency*  
10 *Management Agency, shall establish regulations to ensure*  
11 *that each application for disaster assistance is submitted*  
12 *as quickly as practicable to the Administration or directed*  
13 *to the appropriate agency under the circumstances.*

14 *“(c) COMPLETION; REVISION.—The initial regulations*  
15 *shall be completed not later than 270 days after the date*  
16 *of the enactment of this section. Thereafter, the regulations*  
17 *shall be revised on an annual basis.*

18 *“(d) REPORT.—The Administrator shall include a re-*  
19 *port on the regulations whenever the Administration sub-*  
20 *mits the report required by section 47(a).”.*

21 **SEC. 106. ASSOCIATE ADMINISTRATOR FOR DISASTER AS-**  
22 **SISTANCE.**

23 *The Small Business Act is amended by inserting after*  
24 *section 41 (as added by section 105) the following:*

1 **“SEC. 42. ASSOCIATE ADMINISTRATOR FOR DISASTER AS-**  
2 **SISTANCE.**

3 “(a) *IN GENERAL.*—*There is established in the Admin-*  
4 *istration an Associate Administrator for Disaster Assist-*  
5 *ance, appointed by the President by and with the advice*  
6 *and consent of the Senate, from among individuals who*  
7 *have—*

8 “(1) *proven management ability; and*

9 “(2) *substantial knowledge in the field of disaster*  
10 *readiness and emergency response.*

11 “(b) *DIRECTOR OF DISASTER PLANNING.*—

12 “(1) *APPOINTMENT.*—*There is established in the*  
13 *Administration a Director for Disaster Planning, ap-*  
14 *pointed by the Administrator from among the per-*  
15 *sonnel of the Administration.*

16 “(2) *DUTIES.*—*Subject to the authority, direc-*  
17 *tion, and control of the Associate Administrator for*  
18 *Disaster Assistance, the Director shall—*

19 “(A) *develop and implement the Adminis-*  
20 *tration’s plans for responding to disasters; and*

21 “(B) *direct the Administration’s training*  
22 *exercises with respect to disasters.*

23 “(3) *COORDINATION.*—*In carrying out the duties*  
24 *under paragraph (2), the Director shall coordinate*  
25 *with—*

1           “(A) the Associate Administrator for the Of-  
2           fice of Disaster Assistance of the Administration;

3           “(B) the Director of the Federal Emergency  
4           Management Agency; and

5           “(C) other Federal, State, and local disaster  
6           planning offices, as necessary.

7           “(c) *DIRECTOR OF DISASTER LENDING.*—

8           “(1) *APPOINTMENT.*—There is established in the  
9           Administration a Director for Disaster Lending, ap-  
10          pointed by the Administrator from among the per-  
11          sonnel of the Administration.

12          “(2) *DUTIES.*—Subject to the authority, direc-  
13          tion, and control of the Associate Administrator for  
14          Disaster Assistance, the Director shall direct all as-  
15          pects of the disaster lending program under section  
16          7(b).

17          “(d) *RESOURCES.*—The Administrator shall ensure  
18          that the Associate Administrator for Disaster Assistance,  
19          the Director of Disaster Planning, and the Director of Dis-  
20          aster Lending have adequate resources to carry out the du-  
21          ties under this section.”.

**TITLE II—LENDING****2 SEC. 201. INCIDENTS OF NATIONAL SIGNIFICANCE.**

3       (a) *DISASTER LOANS TO PRIVATE NONPROFIT ORGA-*  
4 *NIZATIONS.*—Section 7(b)(2) of the Small Business Act (15  
5 *U.S.C. 636(b)(2)) is amended—*

6           (1) *in subparagraph (D) by striking the period*  
7 *at the end and inserting “; or”; and*

8           (2) *by inserting after subparagraph (D) the fol-*  
9 *lowing:*

10                   *“(E) an incident of national significance,*  
11 *as declared by the President or his designee, in*  
12 *which case assistance under this paragraph may*  
13 *be provided, subject to the other applicable re-*  
14 *quirements of this paragraph, to a private non-*  
15 *profit organization (as that term is defined in*  
16 *section 29(a)(2)) that is located in an area af-*  
17 *ected by the incident of national significance.”.*

18       (b) *MITIGATION LOANS TO SMALL BUSINESS CON-*  
19 *CERNS.*—Section 7 of the Small Business Act (15 U.S.C.  
20 *636) is amended by inserting after subsection (d) the fol-*  
21 *lowing:*

22           *“(e) DISASTER MITIGATION LOANS.—*

23                   *“(1) AUTHORITY.—The Administrator may*  
24 *make or guarantee a mitigation loan to a small busi-*  
25 *ness concern that receives a loan under section*

1       7(b)(1)(A) for the damage or destruction, by reason of  
2       an incident of national significance (as declared by  
3       the President or his designee), of property owned by  
4       the small business concern.

5               “(2) AMOUNT OF LOAN.—The amount of a loan  
6       under paragraph (1) shall not exceed 20 percent of  
7       the total amount of the cost of the damage or destruc-  
8       tion referred to in paragraph (1). The total amount  
9       shall be calculated without regard for any costs for  
10      which the small business concern is reimbursed under  
11      any insurance policy or otherwise.”.

12      (c) *APPLICABILITY FOR FISCAL YEAR 2006 TO HURRI-*  
13 *CANES KATRINA, RITA, AND WILMA.*—

14              (1) *IN GENERAL.*—For fiscal year 2006, the Ad-  
15      ministrators—

16                      (A) may carry out subsection (e) of section  
17                      7 of the Small Business Act (as added by sub-  
18                      section (b) of this section) with respect to a pri-  
19                      vate nonprofit organization that was located, as  
20                      of August 28, 2005, in a hurricane-affected area;  
21                      and

22                      (B) may carry out such subsection (e) with  
23                      respect to a small business concern that was lo-  
24                      cated, as of August 28, 2005, in a hurricane-af-  
25                      fected area, for damage or destruction by reason

1           of Hurricane Katrina, Hurricane Rita, or Hur-  
2           ricane Wilma.

3           (2) *HURRICANE-AFFECTED AREA DEFINED.*—In  
4           this section, the term “hurricane-affected area” means  
5           a county or parish in the State of Alabama, Florida,  
6           Mississippi, Louisiana, or Texas, that has been des-  
7           ignated by the Administrator of the Small Business  
8           Administration as a disaster area by reason of Hur-  
9           ricane Katrina, Hurricane Rita, or Hurricane  
10          Wilma under disaster declaration 10176, 10177,  
11          10178, 10179, 10180, 10181, 10203, 10204, 10205,  
12          10206, 10222, or 10223.

13 **SEC. 202. INFORMATION TRACKING AND FOLLOW-UP SYS-**  
14           **TEM.**

15          *The Small Business Act is amended by inserting after*  
16 *section 42 (as added by section 106) the following:*

17 **“SEC. 43. INFORMATION TRACKING AND FOLLOW-UP SYS-**  
18           **TEM FOR DISASTER ASSISTANCE.**

19          “(a) *SYSTEM REQUIRED.*—The Administrator shall  
20 *develop, implement, and maintain a centralized informa-*  
21 *tion system to track communications between personnel of*  
22 *the Administration and applicants for disaster assistance.*  
23 *The system shall ensure that whenever an applicant for dis-*  
24 *aster assistance communicates with such personnel on a*

1 *matter relating to the application, the following informa-*  
2 *tion is recorded:*

3           “(1) *The method of communication.*”

4           “(2) *The date of communication.*”

5           “(3) *The identity of the personnel.*”

6           “(4) *A summary of the subject matter of the com-*  
7 *munication.*”

8           “(b) *FOLLOW-UP REQUIRED.—The Administrator*  
9 *shall ensure that an applicant for disaster assistance re-*  
10 *ceives, by telephone, mail, or electronic mail, follow-up com-*  
11 *munications from the Administration at all critical stages*  
12 *of the application process, including the following:*

13           “(1) *When the Administration determines that*  
14 *additional information or documentation is required*  
15 *to process the application.*”

16           “(2) *When the Administration determines wheth-*  
17 *er to approve or deny the loan.*”

18           “(3) *When the primary contact person managing*  
19 *the loan application has changed.*”

20 **SEC. 203. IMMEDIATE DISASTER ASSISTANCE PROGRAM.**

21           *The Small Business Act is amended by inserting after*  
22 *section 43 (as added by section 202) the following:*

23 **“SEC. 44. IMMEDIATE DISASTER ASSISTANCE PROGRAM.**

24           “(a) *PROGRAM REQUIRED.—The Administrator shall*  
25 *carry out a program, to be known as the Immediate Dis-*

1 aster Assistance program, under which the Administration  
2 participates on a deferred (guaranteed) basis in 85 percent  
3 of the balance of the financing outstanding at the time of  
4 disbursement of the loan if such balance is less than or equal  
5 to \$25,000 for businesses affected by a disaster.

6 “(b) *ELIGIBILITY REQUIREMENT.*—To receive a loan  
7 guaranteed under subsection (a), the applicant must also  
8 apply for, and meet basic eligibility standards for, a loan  
9 under section 7(b).

10 “(c) *USE OF PROCEEDS.*—A person who receives a  
11 loan under section 7(b) must use the proceeds of that loan  
12 to repay all loans guaranteed under subsection (a), if any,  
13 before using the proceeds for any other purpose.

14 “(d) *APPROVAL OR DISAPPROVAL.*—The Adminis-  
15 trator shall ensure that each applicant for a loan under  
16 the program receives a decision approving or disapproving  
17 of the application within 36 hours after the Administration  
18 receives the application.”.

19 **SEC. 204. INCREASED DEFERMENT PERIOD.**

20 Section 7 of the Small Business Act (15 U.S.C. 636)  
21 is amended by inserting after subsection (e) (as added by  
22 section 201(b)) the following:

23 “(f) *ADDITIONAL REQUIREMENTS FOR 7(b) LOANS.*—

24 “(1) *INCREASED DEFERMENT AUTHORIZED.*—

1           “(A) *IN GENERAL.*—*In making loans under*  
2           *section 7(b), the Administrator may provide, to*  
3           *the person receiving the loan, an option to defer*  
4           *repayment on the loan.*”

5           “(B) *PERIOD.*—*A deferment under subpara-*  
6           *graph (A) may not exceed 4 years.*”.

7   **SEC. 205. REVISED REPAYMENT TERMS.**

8           *Section 7 of the Small Business Act (15 U.S.C. 636)*  
9           *is amended in subsection (f) by adding after paragraph (1)*  
10          *(as added by section 204) the following:*

11           “(2) *REVISED REPAYMENT TERMS.*—*In making*  
12          *loans under section 7(b), the Administrator—*

13           “(A) *shall not require repayment to be*  
14           *made until 12 months after the date on which*  
15           *the final disbursement of approved amounts is*  
16           *made; and*

17           “(B) *shall calculate the amount of repay-*  
18           *ment based solely on the amounts disbursed.*”.

19   **SEC. 206. REVISED DISBURSEMENT PROCESS.**

20          *Section 7 of the Small Business Act (15 U.S.C. 636)*  
21          *is amended in subsection (f) by adding after paragraph (2)*  
22          *(as added by section 205) the following:*

23           “(3) *REVISED DISBURSEMENT PROCESS.*—*In*  
24          *making loans under section 7(b), the Administrator*  
25          *shall disburse the loan amounts in stages as follows:*

1           “(A) *LOANS UP TO \$150,000.—If the total*  
2 *amount approved is less than or equal to*  
3 *\$150,000—*

4           “(i) *the first disbursement shall consist*  
5 *of 40 percent of the total loan amount, or*  
6 *a lesser percentage of the total loan amount*  
7 *if the Administrator and the borrower agree*  
8 *on such a lesser percentage;*

9           “(ii) *the second disbursement shall con-*  
10 *sist of 50 percent of the amounts that re-*  
11 *main after the first disbursement, and shall*  
12 *be made when the borrower has produced*  
13 *satisfactory receipts to demonstrate the*  
14 *proper use of the first half of the first dis-*  
15 *bursement; and*

16           “(iii) *the third disbursement shall con-*  
17 *sist of the amounts that remain after the*  
18 *preceding disbursements, and shall be made*  
19 *when the borrower has produced satisfactory*  
20 *receipts to demonstrate the proper use of the*  
21 *first disbursement and the first half of the*  
22 *second disbursement.*

23           “(B) *LOANS FROM \$150,000 TO \$500,000.—If*  
24 *the total amount approved is more than*  
25 *\$150,000 but less than or equal to \$500,000—*

1           “(i) the first disbursement shall consist  
2 of 20 percent of the total loan amount, or  
3 a lesser percentage if the Administrator and  
4 the borrower agree on such a lesser percent-  
5 age;

6           “(ii) the second disbursement shall con-  
7 sist of 30 percent of the total loan amount  
8 remaining after the first disbursement, and  
9 shall be made when the borrower has pro-  
10 duced satisfactory receipts to demonstrate  
11 the proper use of the first half of the first  
12 disbursement;

13           “(iii) the third disbursement shall con-  
14 sist of 25 percent of the total loan amount  
15 remaining after the first and second dis-  
16 bursements, and shall be made when the  
17 borrower has produced satisfactory receipts  
18 to demonstrate the proper use of the first  
19 disbursement and the first half of the second  
20 disbursement; and

21           “(iv) the fourth disbursement shall con-  
22 sist of the amounts that remain after the  
23 preceding disbursements, and shall be made  
24 when the borrower has produced satisfactory  
25 receipts to demonstrate the proper use of the

1           *first and second disbursements and the first*  
2           *half of the third disbursement.*

3           “(C) *LOANS GREATER THAN \$500,000.—If the*  
4           *total amount approved is more than \$500,000—*

5                   “(i) *the first disbursement shall consist*  
6                   *of at least \$100,000, or a lesser amount if*  
7                   *the Administrator and the borrower agree*  
8                   *on such a lesser amount; and*

9                   “(ii) *the number of disbursements after*  
10                   *the first, and the amount of each such dis-*  
11                   *bursement, shall be in the discretion of the*  
12                   *Administrator, but the amount of each such*  
13                   *disbursement shall be not less than*  
14                   *\$100,000.”.*

15 **SEC. 207. REVISED COLLATERAL REQUIREMENTS.**

16           *Section 7 of the Small Business Act is amended in sub-*  
17           *section (f) by adding after paragraph (3) (as added by sec-*  
18           *tion 206) the following:*

19                   “(4) *REVISED COLLATERAL REQUIREMENTS.—In*  
20                   *making a business loan under section 7(b), the total*  
21                   *approved amount of which is less than or equal to*  
22                   *\$100,000, the Administrator shall not require the bor-*  
23                   *rower to use the borrower’s home as collateral.”.*

1 **SEC. 208. ENHANCED LENDING AUTHORITY FOR PRIVATE**  
2 **LENDERS.**

3 *The Small Business Act is amended by inserting after*  
4 *section 44 (as added by section 203) the following:*

5 **“SEC. 45. ENHANCED LENDING AUTHORITY FOR PRIVATE**  
6 **LENDERS.**

7 *“(a) PROGRAM AUTHORIZED.—The Administrator*  
8 *may, and during a period specified in subsection (b) shall,*  
9 *carry out a program under which the Administrator per-*  
10 *mits banks and other financial institutions to process, ap-*  
11 *prove, close, and service disaster loans under section 7(b)*  
12 *for a fee not to exceed 2 percent of the total loan amount.*

13 *“(b) PERIODS DURING WHICH PROGRAM IS RE-*  
14 *QUIRED.—The program under subsection (a) is required to*  
15 *be carried out during the following periods:*

16 *“(1) Any period of an incident of national sig-*  
17 *nificance (as declared by the President or his des-*  
18 *ignee).*

19 *“(2) Any period during which the average time*  
20 *for the Administration to approve disaster loans in*  
21 *response to any single disaster is 30 days or more.*

22 *“(c) EXCLUSION OF LENDERS.—If the number or rate*  
23 *of defaults on loans processed, approved, and closed by a*  
24 *lender under the program under subsection (a) are inordi-*  
25 *nate, as determined by the Administrator, the Adminis-*  
26 *trator may do any one or more of the following:*

1           “(1) *Exclude the lender from participating in*  
2           *the program under subsection (a).*”

3           “(2) *Exclude the lender from participating in*  
4           *the Preferred Lenders Program under section*  
5           *7(a)(2)(C)(ii).*”

6           “(d) *FACTOR IN PREFERRED LENDERS PROGRAM.—*  
7           *In determining whether a lender is to be certified or recer-*  
8           *tified to participate in the Preferred Lenders Program*  
9           *under section 7(a)(2)(C)(ii), the Administrator may con-*  
10          *sider as a factor the following:*

11           “(1) *The loans processed, approved, and closed*  
12          *by the lender under the program under subsection (a).*”

13           “(2) *The participation or non-participation of*  
14          *the lender in the program under subsection (a).”.*

15          **SEC. 209. DISASTER PROCESSING REDUNDANCY.**

16          *The Small Business Act is amended by inserting after*  
17          *section 45 (as added by section 208) the following:*

18          **“SEC. 46. DISASTER PROCESSING REDUNDANCY.**

19           “(a) *IN GENERAL.—The Administrator shall ensure*  
20          *that the Administration has in place a facility for disaster*  
21          *loan processing that, whenever the Administration’s pri-*  
22          *mary facility for disaster loan processing becomes unavail-*  
23          *able, is able to take over all disaster loan processing from*  
24          *that primary facility within 2 days.*”

1       “(b) *AUTHORIZATION OF APPROPRIATIONS.*—*There*  
2 *are authorized to be appropriated to carry out this section*  
3 *such sums as may be necessary.*”

4 **SEC. 210. GRANT PROGRAM.**

5       *Section 7(b) of the Small Business Act (15 U.S.C.*  
6 *636(b)) is amended by inserting immediately after para-*  
7 *graph (3) the following:*

8               “(4) *GRANTS TO DISASTER-AFFECTED SMALL*  
9 *BUSINESSES.*—

10               “(A) *IN GENERAL.*—*The Administrator*  
11 *may make a grant of up to \$100,000 to a small*  
12 *business concern that—*

13                       “(i) *was located in a designated dis-*  
14 *aster area affected by disaster declaration*  
15 *10176, 10177, 10178, 10179, 10180, 10181,*  
16 *10203, 10204, 10205, 10206, 10222, or*  
17 *10233, and was located in a county or par-*  
18 *ish that, as a result of Hurricanes Katrina,*  
19 *Rita, or Wilma of 2005, experienced a loss*  
20 *of at least 100 housing units, experienced a*  
21 *loss of at least 1 percent of available hous-*  
22 *ing stock, and required Federal infrastruc-*  
23 *ture assistance of a least \$200,000;*

24                       “(ii) *submits to the Administrator a*  
25 *certification by the owner of the concern of*

1           *intent to reestablish the concern in the same*  
2           *county or parish in which the business was*  
3           *originally located, or in any other county or*  
4           *parish described in clause (i);*

5           *“(iii) has applied for, and was rejected*  
6           *for, a conventional disaster assistance loan*  
7           *under section 7(b); and*

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

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

17          *“(C) DEFINITION.—In this paragraph, the*  
18          *term ‘disaster-affected area’ means an area that*  
19          *has been designated by the Administrator as a*  
20          *disaster area.*

21          *“(D) AUTHORIZATION OF APPROPRIA-*  
22          *TIONS.—There are authorized to be appropriated*  
23          *for grants under this paragraph such funds as*  
24          *may be necessary.”.*

1 **SEC. 211. WAIVER OF PROHIBITION ON DUPLICATION OF**  
2 **CERTAIN BENEFITS.**

3 *Section 7(b) of the Small Business Act (15 U.S.C.*  
4 *636(b)) is amended by inserting immediately after para-*  
5 *graph (4) (as added by section 210) the following:*

6 *“(5) WAIVER OF PROHIBITION ON DUPLICATION*  
7 *OF CERTAIN BENEFITS.—For any disaster victim*  
8 *under disaster declaration 10176, 10177, 10178,*  
9 *10179, 10180, 10181, 10203, 10204, 10205, 10206,*  
10 *10222, or 10223, in providing assistance under para-*  
11 *graph (1) or (2), the Administrator may waive, in*  
12 *whole or in part, the prohibition on the duplication*  
13 *of benefits, including whether damage or destruction*  
14 *has been compensated for by, credit is available from,*  
15 *activities are reimbursable through, or funds have*  
16 *been made available from any other source.”.*

17 **SEC. 212. INCREASE LEGISLATIVE LIMIT.**

18 *Section 7(b)(3)(E) of the Small Business Act (15*  
19 *U.S.C. 636(b)(3)(E)) is amended by striking “\$1,500,000”*  
20 *and inserting “\$3,000,000” both places such term appears.*

21 **SEC. 213. NET EARNINGS CLAUSES PROHIBITED.**

22 *Section 7 of the Small Business Act is amended in sub-*  
23 *section (f) by adding after paragraph (4) (as added by sec-*  
24 *tion 207) the following:*

25 *“(5) NET EARNINGS CLAUSES PROHIBITED.—In*  
26 *making loans under section 7(b), the Administrator*



1 stitutes” the following: “, or will due to changed economic  
2 circumstances constitute,”.

3 **SEC. 216. PRELIMINARY APPLICATION PROCESS FOR AS-**  
4 **SISTANCE FOR SMALL BUSINESS CONCERNS**  
5 **WITH ESSENTIAL EMPLOYEES ORDERED TO**  
6 **SERVE ON ACTIVE DUTY IN THE ARMED**  
7 **FORCES.**

8 *Section 7(b)(3) of the Small Business Act (15 U.S.C.*  
9 *636(b)(3)) is amended—*

10 *(1) in subparagraph (C)—*

11 *(A) by striking “90 days” and inserting “1*  
12 *year”; and*

13 *(B) by adding at the end the following:*  
14 *“The Administrator may, when appropriate (as*  
15 *determined by the Administrator), waive the*  
16 *ending date specified in the preceding sentence*  
17 *and provide a later ending date.”; and*

18 *(2) by adding at the end the following new sub-*  
19 *paragraph:*

20 *“(G) The Administrator shall establish a process*  
21 *under which a small business concern described in*  
22 *subparagraph (B) may file a preliminary application*  
23 *for assistance under this paragraph, accompanied by*  
24 *supporting documentation, before the date on which*  
25 *the essential employee is ordered to active duty. The*

1     *Administrator may not actively consider such an ap-*  
2     *plication or provide assistance to the small business*  
3     *concern based on such an application until the date*  
4     *on which the essential employee is ordered to active*  
5     *duty.”.*

6     **SEC. 217. ECONOMIC INJURY DISASTER LOANS IN CASES OF**  
7                    **ICE STORMS AND BLIZZARDS.**

8     *Section 3(k)(2) of the Small Business Act (15 U.S.C.*  
9     *632(k)(2)) is amended—*

- 10            (1) *in subparagraph (A) by striking “and”;*  
11            (2) *in subparagraph (B) by striking the period*  
12     *at the end and inserting “; and”; and*  
13            (3) *by adding at the end the following:*  
14            “(C) *ice storms and blizzards.*”.

15     **SEC. 218. ECONOMIC INJURY DISASTER LOANS FOR BUSI-**  
16                    **NESSES AFFECTED BY LACK OF SNOWFALL.**

17     *(a) IN GENERAL.—Section 3(k)(2) of the Small Busi-*  
18     *ness Act (15 U.S.C. 632(k)(2)), as amended by section 217,*  
19     *is further amended—*

- 20            (1) *in subparagraph (B) by striking “and” at*  
21     *the end;*  
22            (2) *in subparagraph (C) by striking the period*  
23     *at the end and inserting “; and”; and*  
24            (3) *by adding at the end the following:*  
25            “(D) *lack of snowfall.*”.

1           (b) *CONFORMING AMENDMENT.*—Section 7(b)(2) of the  
 2 *Small Business Act* (15 U.S.C. 636(b)(2)) is amended in  
 3 the matter preceding subparagraph (A) by inserting after  
 4 “(including drought” the following: “or lack of snowfall”.

5                                   **TITLE III—OVERSIGHT**

6       **SEC. 301. REPORTS ON DISASTER ASSISTANCE.**

7           *The Small Business Act is amended by inserting after*  
 8 *section 46 (as added by section 209) the following:*

9       **“SEC. 47. REPORTS ON DISASTER ASSISTANCE.**

10           “(a) *ANNUAL REPORT REQUIRED.*—Not later than 45  
 11 *days after the end of a fiscal year, the Administrator shall*  
 12 *submit to the Committee on Small Business of the Senate*  
 13 *and the Committee on Small Business of the House of Rep-*  
 14 *resentatives a report on the disaster assistance operations*  
 15 *of the Administration for that fiscal year. The report*  
 16 *shall—*

17                           “(1) *specify the number of Administration per-*  
 18 *sonnel involved in such operations;*

19                           “(2) *describe any material changes to those oper-*  
 20 *ations, such as changes to technologies used or to per-*  
 21 *sonnel responsibilities;*

22                           “(3) *describe and assess the effectiveness of the*  
 23 *Administration in responding to disasters during that*  
 24 *fiscal year, including a description of the number and*

1        *amounts of loans made for damage and for economic*  
2        *injury; and*

3                *“(4) describe the plans of the Administration for*  
4        *preparing to respond to disasters during the next fis-*  
5        *cal year.*

6        *“(b) INCIDENTS OF NATIONAL SIGNIFICANCE.—During*  
7        *the period of an incident of national significance (as de-*  
8        *clared by the President or his designee), the Administrator*  
9        *shall, on a monthly basis, submit to the committees specified*  
10       *in subsection (a) a report on the disaster assistance oper-*  
11       *ations of the Administration with respect to that incident*  
12       *of national significance. The report shall specify—*

13                *“(1) the number of applications distributed;*

14                *“(2) the number of applications received;*

15                *“(3) the average time for the Administration to*  
16        *approve or disapprove an application;*

17                *“(4) the amount of disaster loans approved;*

18                *“(5) the average time for initial disbursement of*  
19        *loan proceeds; and*

20                *“(6) the amount of disaster loan proceeds dis-*  
21        *bursed.”.*



Union Calendar No. 47

110<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

**H. R. 1361**

[Report No. 110-82]

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## **A BILL**

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

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MARCH 30, 2007

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed