

114TH CONGRESS
1ST SESSION

S. 1811

To require the Administrator of the Small Business Administration to establish a program to make loans to certain businesses, homeowners, and renters affected by Superstorm Sandy.

IN THE SENATE OF THE UNITED STATES

JULY 21, 2015

Mr. MENENDEZ (for himself, Mr. SCHUMER, Mrs. GILLIBRAND, and Mr. BOOKER) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

A BILL

To require the Administrator of the Small Business Administration to establish a program to make loans to certain businesses, homeowners, and renters affected by Superstorm Sandy.

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 “Superstorm Sandy Re-
5 lief and Disaster Loan Program Improvement Act of
6 2015”.

7 **SEC. 2. FINDINGS.**

8 Congress finds the following:

1 (1) In 2012, Superstorm Sandy caused sub-
2 stantial physical and economic damage to the United
3 States, and New York in particular.

4 (2) For businesses and homeowners, the pri-
5 mary means of obtaining long-term Federal financial
6 assistance in the wake of disasters such as
7 Superstorm Sandy is through the Small Business
8 Administration's Disaster Loan Program.

9 (3) With regard to the Small Business Adminis-
10 tration's operation of the Disaster Loan Program
11 after Superstorm Sandy, the Government Account-
12 ability Office found that the Administration did not
13 meet its timeliness goals for processing business loan
14 applications.

15 (4) According to the Government Accountability
16 Office, the Small Business Administration stated
17 that it was challenged by an unexpectedly high vol-
18 ume of loan applications that it received early in its
19 response to Superstorm Sandy.

20 (5) As a result, many businesses and home-
21 owners affected by Superstorm Sandy were unable
22 to apply for financing from the Small Business Ad-
23 ministration.

1 **SEC. 3. REVISED DISASTER DEADLINE.**

2 Section 7(d) of the Small Business Act (15 U.S.C.
3 636(d)) is amended by adding at the end the following:

4 “(8) DISASTER LOANS FOR SUPERSTORM
5 SANDY.—

6 “(A) IN GENERAL.—Notwithstanding any
7 other provision of law, and subject to the same
8 requirements and procedures that are used to
9 make loans pursuant to subsection (b), a small
10 business concern, homeowner, or renter that
11 was located within an area and during the time
12 period with respect to which a major disaster
13 was declared by the President under section
14 401 of the Robert T. Stafford Disaster Relief
15 and Emergency Assistance Act (42 U.S.C.
16 5170) by reason of Superstorm Sandy may
17 apply to the Administrator—

18 “(i) for a loan to repair, rehabilitate,
19 or replace property damaged or destroyed
20 by reason of Superstorm Sandy; or

21 “(ii) if such a small business concern
22 has suffered substantial economic injury by
23 reason of Superstorm Sandy, for a loan to
24 assist such a small business concern.

25 “(B) TIMING.—The Administrator shall
26 select loan recipients and make available loans

1 for a period of not less than 1 year after the
2 date on which the Administrator carries out
3 this authority.”.

4 **SEC. 4. USE OF PHYSICAL DAMAGE DISASTER LOANS TO**
5 **CONSTRUCT SAFE ROOMS.**

6 Section 7(b)(1)(A) of the Small Business Act (15
7 U.S.C. 636(b)(1)(A)) is amended by striking “mitigating
8 measures” and all that follows through “modifying struc-
9 tures” and inserting the following: “mitigating measures,
10 including—

11 “(i) construction of retaining walls and sea
12 walls;

13 “(ii) grading and contouring land; and

14 “(iii) relocating utilities and modifying
15 structures, including construction of a safe
16 room or similar storm shelter designed to pro-
17 tect property and occupants from tornadoes or
18 other natural disasters”.

19 **SEC. 5. COLLATERAL REQUIREMENTS FOR SMALL BUSI-**
20 **NESS CONCERNS.**

21 Section 7(b) of the Small Business Act (15 U.S.C.
22 636(b)) is amended by inserting after paragraph (9) the
23 following:

24 “(10) COLLATERAL REQUIREMENTS FOR SMALL
25 BUSINESSES.—In the case of a loan made pursuant

1 to this subsection in an amount not greater than
2 \$250,000, the Administrator may not require a bor-
3 rower to pledge his or her primary residence as col-
4 lateral if—

5 “(A) other collateral exists, including as-
6 sets related to the operation of a business; and

7 “(B) such an option does not delay the Ad-
8 ministrators processing of disaster applications
9 for a disaster.”.

10 **SEC. 6. REDUCING DELAYS ON CLOSING AND DISBURSE-**
11 **MENT OF LOANS.**

12 Section 7(b) of the Small Business Act (15 U.S.C.
13 636(b)) is further amended by inserting after paragraph
14 (10) (as added by section 5) the following:

15 “(11) REDUCING CLOSING AND DISBURSEMENT
16 DELAYS.—The Administrator shall provide a clear
17 and concise notification on all application materials
18 for loans made under this subsection and on relevant
19 websites notifying an applicant that the applicant
20 may submit all documentation necessary for the ap-
21 proval of the loan at the time of application and that
22 failure to submit all documentation could delay the
23 approval and disbursement of the loan.”.

1 **SEC. 7. INCREASING TRANSPARENCY IN LOAN APPROVALS.**

2 Section 7(b) of the Small Business Act (15 U.S.C.
3 636(b)) is further amended by inserting after paragraph
4 (11) (as added by section 6) the following:

5 “(12) INCREASING TRANSPARENCY IN LOAN AP-
6 PROVALS.—The Administrator shall establish and
7 implement clear, written policies and procedures for
8 analyzing the ability of a loan applicant to repay a
9 loan made under this subsection.”.

10 **SEC. 8. SAFEGUARDING TAXPAYERS’ INTERESTS.**

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

14 “(13) ENSURING ACCOUNTABILITY IN LOAN AP-
15 PROVALS.—The Administrator shall establish re-
16 quirements for the approval of economic injury dis-
17 aster loan assistance made available pursuant to
18 paragraph (2), which shall include the review of ap-
19 plicant eligibility and shall require that all sup-
20 porting documentation is submitted prior to loan ap-
21 proval. The Administrator shall require that per-
22 sonnel involved in the approval of such loans be
23 trained on such procedures.”.

1 **SEC. 9. DISASTER PERFORMANCE MEASURES.**

2 Section 7(b) of the Small Business Act (15 U.S.C.
3 636(b)) is further amended by inserting after paragraph
4 (13) (as added by section 8) the following:

5 “(14) REPORTING ON DISASTER PERFORMANCE
6 MEASURES.—The Administrator shall report the av-
7 erage processing time for all other disaster loan ap-
8 plications, including disaggregated data on disaster
9 loan applications that were declined by the Adminis-
10 tration’s automated disaster processing system and
11 applications in which the Administrator performed
12 loss verification. For each disaster described in para-
13 graph (2), the Administrator shall report such aver-
14 age processing times on its website and to the Com-
15 mittee on Small Business of the House of Rep-
16 resentatives and the Committee on Small Business
17 and Entrepreneurship of the Senate.”.

18 **SEC. 10. DISASTER PLAN IMPROVEMENTS.**

19 The Administrator of the Small Business Administra-
20 tion shall revise the comprehensive written disaster re-
21 sponse plan required in section 40 of the Small Business
22 Act (15 U.S.C. 657l), or any successor thereto, to incor-
23 porate the Administration’s response to a situation in
24 which an extreme volume of applications are received dur-
25 ing the period of time immediately after a disaster, which
26 shall include a plan to ensure that sufficient human and

1 technological resources are made available and a plan to
2 prevent delays in loan processing.

3 **SEC. 11. REPORT TO CONGRESS ON IMPLEMENTATION OF**
4 **CERTAIN PROGRAMS.**

5 (a) INITIAL REPORT.—The Administrator of the
6 Small Business Administration shall report to Congress
7 not later than 30 days after the date of enactment of this
8 Act on the implementation and status of the private dis-
9 aster loan program established in section 7(c) of the Small
10 Business Act (15 U.S.C. 636(c)), the Immediate Disaster
11 Assistance program established in section 42 of such Act
12 (15 U.S.C. 657n), and the expedited disaster assistance
13 business loan program established in section 12085 of the
14 Small Business Disaster Response and Loan Improve-
15 ments Act of 2008 (15 U.S.C. 636j).

16 (b) REQUIRED CONSULTATION WITH DEPOSITORY
17 INSTITUTIONS AND CREDIT UNIONS.—The Administrator
18 shall require the Associate Administrator for the Office
19 of Disaster Assistance to consult with depository institu-
20 tions (as defined in section 3 of the Federal Deposit Insur-
21 ance Act (12 U.S.C. 1813)) and credit unions regarding
22 their potential participation in any of the programs de-
23 scribed in subsection (a).

24 (c) REPORT ON CONSULTATION.—Not later than 6
25 months after the date of enactment of this Act, the Ad-

- 1 administrator shall report to Congress on the consultation
- 2 required under subsection (b).

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