

former Appendix to this title. Section 1112 was renumbered section 1114 of the Act by Pub. L. 109-163, div. C, title XXXV, §3507(d), Jan. 6, 2006, 119 Stat. 3557, which was repealed by Pub. L. 110-181, div. C, title XXXV, §3522(b), Jan. 28, 2008, 122 Stat. 598. See Historical and Revision notes above and section 18(a) of Pub. L. 109-304, set out as a Legislative Purpose and Construction note preceding section 101 of this title.

AMENDMENTS

2019—Subsec. (a). Pub. L. 116-92 amended subsec. (a) generally. Prior to amendment, text read as follows: “The Secretary or Administrator, on terms the Secretary or Administrator may prescribe, may guarantee or make a commitment to guarantee the payment of the principal of and interest on an obligation eligible to be guaranteed under this chapter. A guarantee or commitment to guarantee shall cover 100 percent of the principal and interest.”

2016—Subsec. (b)(3), (4). Pub. L. 114-120 added pars. (3) and (4).

2008—Pub. L. 110-181, §3522(b), repealed Pub. L. 109-163, §3507(a)(1)(C), (d). See 2006 Amendment note below and Codification note above.

Subsec. (a). Pub. L. 110-181, §3522(a)(10)(B), incorporated the substance of the amendment by Pub. L. 109-163, §3507(a)(1)(C), into this section by inserting “or Administrator” after “Secretary” in two places. See 2006 Amendment note below and section 18(a) of Pub. L. 109-304, set out as a Legislative Purpose and Construction note preceding section 101 of this title.

2006—Pub. L. 109-163, §3507(a)(1)(C), which directed the amendment of section 1273(a) of the former Appendix to this title from which subsec. (a) of this section was derived, was repealed by Pub. L. 110-181, §3522(b). See 2008 Amendment note for subsec. (a) and Historical and Revision notes above.

§ 53703. Application and administration

(a) TIME FOR DECISION.—

(1) IN GENERAL.—The Secretary or Administrator shall approve or deny an application for a loan guarantee under this chapter within 270 days after the date on which the signed application is received by the Secretary or Administrator.

(2) EXTENSION.—On request by an applicant, the Secretary or Administrator may extend the 270-day period in paragraph (1) to a date not later than 2 years after the date on which the signed application was received by the Secretary or Administrator.

(b) CERTIFICATION OF REVIEW.—The Secretary or Administrator may not guarantee or make a commitment to guarantee an obligation under this chapter unless the Secretary or Administrator certifies that a full and fair consideration of all the regulatory requirements, including economic soundness and financial requirements applicable to the obligor and related parties, and a thorough assessment of the technical, economic, and financial aspects of the loan application, has been made.

(c) INDEPENDENT ANALYSIS.—

(1) IN GENERAL.—To assess and mitigate the risks due to factors associated with markets, technology, financial, or legal structures related to an application or guarantee under this chapter, the Secretary or Administrator may utilize third party experts, including legal counsel, to—

(A) process and review applications under this chapter, including conducting independent analysis and review of aspects of an application;

(B) represent the Secretary or Administrator in structuring and documenting the obligation guarantee;

(C) analyze and review aspects of, structure, and document the obligation guarantee during the term of the guarantee;

(D) recommend financial covenants or financial ratios to be met by the applicant during the time a guarantee under this chapter is outstanding that are—

(i) based on the financial covenants or financial ratios, if any, that are then applicable to the obligor under private sector credit agreements; and

(ii) in lieu of other financial covenants applicable to the obligor under this chapter with respect to requirements regarding long-term debt-to-equity, minimum working capital, or minimum amount of equity; and

(E) represent the Secretary or Administrator to protect the security interests of the Government relating to an obligation guarantee.

(2) PRIVATE SECTOR EXPERT.—Independent analysis, review, and representation conducted under this subsection shall be performed by a private sector expert in the applicable field who is selected by the Secretary or Administrator.

(d) VESSELS OF NATIONAL INTEREST.—

(1) NOTICE OF FUNDING.—The Secretary or Administrator may post a notice in the Federal Register regarding the availability of funding for obligation guarantees under this chapter for the construction, reconstruction, or reconditioning of a Vessel of National Interest and include a timeline for the submission of applications for such vessels.

(2) VESSEL CHARACTERISTICS.—

(A) IN GENERAL.—The Secretary or Administrator, in consultation with the Secretary of Defense, the Secretary of the Department in which the Coast Guard is operating when it is not operating as service in the Department of the Navy, or the heads of other Federal agencies, shall develop and publish a list of vessel types that would be considered Vessels of National Interest.

(B) REVIEW.—Such list shall be reviewed and revised every four years or as necessary, as determined by the Administrator.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1604; Pub. L. 109-163, div. C, title XXXV, §3507(a)(1)(D), (2)(G), (b)(7), Jan. 6, 2006, 119 Stat. 3555, 3556; Pub. L. 110-181, div. C, title XXXV, §3522(a)(10)(B), (b), Jan. 28, 2008, 122 Stat. 598; Pub. L. 116-92, div. C, title XXXV, §3506(c), Dec. 20, 2019, 133 Stat. 1971.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
53703(a)	46 App.:1274(n).	June 29, 1936, ch. 858, title XI, §1104A(l), (n), as added Pub. L. 109-136, title XXXV, §§3523(b), 3525, Nov. 24, 2003, 117 Stat. 1800, 1801.
53703(b)	46 App.:1274(l).	

Editorial Notes**AMENDMENTS**

2019—Pub. L. 116–92, § 3506(c)(1), substituted “and administration” for “procedures” in section catchline.

Subsecs. (c), (d). Pub. L. 116–92, § 3506(c)(2), added subsecs. (c) and (d).

2008—Pub. L. 110–181, § 3522(b), repealed Pub. L. 109–163, § 3507(a)(1)(D), (2)(G), (b)(7). See 2006 Amendment note below.

Pub. L. 110–181, § 3522(a)(10)(B), incorporated the substance of the amendment by Pub. L. 109–163, § 3507(a)(1)(D), (2)(G), (b)(7), into this section by inserting “or Administrator” after “Secretary” wherever appearing. See 2006 Amendment note below and section 18(a) of Pub. L. 109–304, set out as a Legislative Purpose and Construction note preceding section 101 of this title.

2006—Pub. L. 109–163, § 3507(a)(1)(D), (2)(G), (b)(7), which directed the amendment of section 1274(*l*), (n) of the former Appendix to this title from which this section was derived, was repealed by Pub. L. 110–181, § 3522(b). See 2008 Amendment notes and Historical and Revision notes above.

Statutory Notes and Related Subsidiaries**EXPEDITED CONSIDERATION OF LOW-RISK APPLICATIONS**

Pub. L. 116–92, div. C, title XXXV, § 3506(j), Dec. 20, 2019, 133 Stat. 1974, provided that:

“(1) **IN GENERAL.**—In accordance with the requirements of this subsection, the Administrator shall establish an administrative process and issue guidance for the expedited consideration of low-risk applications submitted under chapter 537 of title 46, United States Code.

“(2) **STAKEHOLDER COMMENT.**—Not later than 180 days after the date of enactment of this section [Dec. 20, 2019], the Administrator of the Maritime Administration shall publish in the Federal Register a notice of a 45-day public comment period to request stakeholder input and recommendations to establish the administrative process required under this subsection, including proposals to assist applicants—

“(A) in the development and submission of initial applications;

“(B) in meeting requests for supplemental information made by the Administrator; and

“(C) to comply with other requirements made by the Administrator to ensure the expedited consideration of applications.

“(3) **INDUSTRY BEST PRACTICES.**—The administrative process established under this subsection shall utilize, to the extent practicable, relevant Federal and industry best practices found in the maritime and shipbuilding industries.

“(4) **FINAL GUIDANCE.**—Not later than 90 days after the conclusion of the public comment period required under paragraph (2), the Administrator shall publish in the Federal Register final guidance to assist applicants in the preparation and filing of applications under this subsection.”

REVIEW OF APPLICATIONS FOR LOANS AND GUARANTEES

Pub. L. 110–181, div. C, title XXXV, § 3517, Jan. 28, 2008, 122 Stat. 595, provided that:

“(a) **FINDINGS.**—The Congress makes the following findings:

“(1) The maritime loan guarantee program was established by the Congress through the Merchant Marine Act, 1936 [see Short Title of 1936 Amendment note set out under section 101 of this title] to encourage domestic shipbuilding by making available federally backed loan guarantees for new construction to ship owners and operators.

“(2) The maritime loan guarantee program has a long and successful history of ship construction with a low historical default rate.

“(3) The current process for review of applications for maritime loans in the Department of Transpor-

tation has effectively discontinued the program as envisioned by the Congress.

“(4) The President has requested no funding for the loan guarantee program despite the stated national policy to foster the development and encourage the maintenance of a merchant marine in section 50101 of title 46, United States Code.

“(5) United States commercial shipyards were placed at a competitive disadvantage in the world shipbuilding market by government subsidized foreign commercial shipyards.

“(6) The maritime loan guarantee program has the potential to modernize shipyards and the ships of the United States coastwise trade and restore a competitive position in the world shipbuilding market for United States shipyards.

“(7) The maritime loan guarantee program is a useful tool to encourage domestic shipbuilding, preserving a vital industrial capacity critical to the security of the United States.

“(b) **REQUIREMENTS.**—

“(1) **IN GENERAL.**—Within 180 days after the date of enactment of this Act [Jan. 28, 2008], the Administrator of the Maritime Administration shall develop and implement a comprehensive plan for the review of applications for loan guarantees under chapter 537 of title 46, United States Code.

“(2) **DEADLINE FOR ACTION ON APPLICATION.**—

“(A) **TRADITIONAL APPLICATIONS.**—In the comprehensive plan the Administrator will ensure that within the 90-day period following receipt of all pertinent documentation required for review of a traditional loan application, the application shall be either accepted or rejected.

“(B) **NONTRADITIONAL APPLICATIONS.**—In the comprehensive plan the Administrator will ensure that within the 180-day period following receipt of all pertinent documentation required for review of a nontraditional loan application, the application shall be either accepted or rejected.

“(c) **SUBMISSION TO CONGRESS.**—The Administrator shall submit a copy of the comprehensive plan to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Armed Services of the House of Representatives within 180 days after the date of enactment of this Act [Jan. 28, 2008].

“(d) **DEFINITIONS.**—In this section:

“(1) **TRADITIONAL APPLICATION.**—The term ‘traditional application’ means an application for a loan, guarantee, or commitment to guarantee submitted pursuant to chapter 537 of title 46, United States Code, that involves a market, technology, and financial structure of a type that has proven successful in previous applications and does not present an unreasonable risk to the United States, as determined by the Administrator of the Maritime Administration.

“(2) **NONTRADITIONAL APPLICATION.**—The term ‘nontraditional application’ means an application for a loan, guarantee, or commitment to guarantee submitted pursuant to chapter 537 of title 46, United States Code, that is not a traditional application, as determined by the Administrator of the Maritime Administration.”

§ 53704. Funding limits

(a) **GENERAL LIMITATIONS.**—The total unpaid principal amount of obligations guaranteed under this chapter and outstanding at one time may not exceed \$12,000,000,000. Of that amount, \$850,000,000 shall be limited to obligations related to fishing vessels and fishery facilities.

(b) **ADDITIONAL LIMITATIONS.**—Additional limitations may not be imposed on new commitments to guarantee loans for any fiscal year, except in amounts established in advance by annual authorization laws. A vessel eligible for a guarantee under this chapter may not be denied eligibility because of its type.