

.....
(Original Signature of Member)

110TH CONGRESS
1ST SESSION

H. R.

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

IN THE HOUSE OF REPRESENTATIVES

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

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,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Relief for Entrepreneurs: Coordination of Objectives and
6 Values for Effective Recovery Act of 2007” or the “RE-
7 COVER Act”.

1 (b) TABLE OF CONTENTS.—The table of contents for
2 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.

TITLE III—OVERSIGHT

Sec. 301. Reports on disaster assistance.

3 **TITLE I—PLANNING**

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

5 The Small Business Act is amended by redesignating
6 section 37 as 99 and by inserting after section 36 the fol-
7 lowing:

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

9 “(a) PLAN REQUIRED.—The Administrator shall de-
10 velop, implement, and maintain a comprehensive written

1 disaster response plan. The plan shall include the fol-
2 lowing:

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

6 “(2) For each disaster described under para-
7 graph (1)—

8 “(A) an assessment of the disaster;

9 “(B) an assessment of the demand for Ad-
10 ministration assistance most likely to occur in
11 response to the disaster;

12 “(C) an assessment of the needs of the Ad-
13 ministration, with respect to such resources as
14 information technology, telecommunications,
15 human resources, and office space, to meet the
16 demand referred to in subparagraph (B); and

17 “(D) guidelines pursuant to which the Ad-
18 ministration will coordinate with other Federal
19 agencies and with State and local authorities to
20 best respond to the demand referred to in sub-
21 paragraph (B) and to best use the resources re-
22 ferred to in that subparagraph.

23 “(b) COMPLETION; REVISION.—The first plan re-
24 quired by subsection (a) shall be completed not later than
25 180 days after the date of the enactment of this section.

1 Thereafter, the Administrator shall update the plan on an
2 annual basis and following any incident of national signifi-
3 cance (as declared by the President or his designee).

4 “(c) REPORT.—The Administrator shall include a re-
5 port on the plan whenever the Administrator submits the
6 report required by section 47(a).”.

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

8 The Small Business Act is amended by inserting after
9 section 37 (as added by section 101) the following:

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

11 “(a) EXERCISE REQUIRED.—The Administrator shall
12 conduct a disaster simulation exercise at least once each
13 fiscal year. The exercise shall include the participation of,
14 at a minimum, not less than half of the individuals in the
15 disaster reserve corps and shall test, at maximum capac-
16 ity, all of the information technology and telecommuni-
17 cations systems of the Administration that are vital to the
18 activities of the Administration during such a disaster.

19 “(b) REPORT.—The Administrator shall include a re-
20 port on the disaster simulation exercise whenever the Ad-
21 ministration submits the report required by section
22 47(a).”.

23 **SEC. 103. DISASTER RESERVE CORPS.**

24 The Small Business Act is amended by inserting after
25 section 38 (as added by section 102) the following:

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

2 “(a) CORPS REQUIRED.—The Administrator shall
3 maintain within the Administration a disaster reserve
4 corps, the purpose of which is to perform the functions
5 of the Administration related to disaster response. The
6 corps shall consist of at least 1,000 individuals, each of
7 whom—

8 “(1) does not ordinarily have the duties of a
9 full-time officer or employee of the Administration;
10 but

11 “(2) is able to assume duties related to disaster
12 response when the Administrator so requires.

13 “(b) TRAINING.—The Administrator shall ensure
14 that each individual in the corps receives training each
15 year in one or more functions relating to disaster response.
16 To the maximum extent practicable, the function in which
17 an individual is trained in one year shall be different from
18 the function in which the individual was trained in prior
19 years.

20 “(c) GEOGRAPHIC DISTRIBUTION.—The Adminis-
21 trator shall ensure that not more than 30 percent of the
22 individuals in the corps reside in any one region of the
23 Administration.

24 “(d) REPORT.—The Administrator shall include a re-
25 port on the corps whenever the Administration submits
26 the report required by section 47(a).”.

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

2 The Small Business Act is amended by inserting after
3 section 39 (as added by section 103) the following:

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

5 “(a) PLANS REQUIRED.—The Administrator shall
6 develop long-term plans to secure additional office space
7 to accommodate an expanded workforce in times of dis-
8 aster.

9 “(b) REPORT.—The Administrator shall include a re-
10 port on the plans whenever the Administration submits
11 the report required by section 47(a).”.

12 **SEC. 105. COORDINATION OF DISASTER ASSISTANCE PRO-**
13 **GRAMS WITH FEMA.**

14 The Small Business Act is amended by inserting after
15 section 40 (as added by section 104) the following:

16 **“SEC. 41. COORDINATION OF DISASTER ASSISTANCE PRO-**
17 **GRAMS WITH FEMA.**

18 “(a) COORDINATION REQUIRED.—The Administrator
19 shall ensure that the disaster assistance programs of the
20 Administration are coordinated, to the maximum extent
21 practicable, with the disaster assistance programs of the
22 Federal Emergency Management Agency.

23 “(b) REGULATIONS REQUIRED.—The Administrator,
24 in consultation with the Director of the Federal Emer-
25 gency Management Agency, shall establish regulations to
26 ensure that each application for disaster assistance is sub-

1 mitted as quickly as practicable to the Administration or
2 directed to the appropriate agency under the cir-
3 cumstances.

4 “(c) COMPLETION; REVISION.—The initial regula-
5 tions shall be completed not later than 270 days after the
6 date of the enactment of this section. Thereafter, the regu-
7 lations shall be revised on an annual basis.

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

11 **SEC. 106. ASSOCIATE ADMINISTRATOR FOR DISASTER AS-**
12 **SISTANCE.**

13 The Small Business Act is amended by inserting after
14 section 41 (as added by section 105) the following:

15 **“SEC. 42. ASSOCIATE ADMINISTRATOR FOR DISASTER AS-**
16 **SISTANCE.**

17 “(a) IN GENERAL.—There is established in the Ad-
18 ministration an Associate Administrator for Disaster As-
19 sistance, appointed by the President by and with the ad-
20 vice and consent of the Senate, from among individuals
21 who have—

22 “(1) proven management ability; and

23 “(2) substantial knowledge in the field of dis-
24 aster readiness and emergency response.

25 “(b) DIRECTOR OF DISASTER PLANNING.—

1 “(1) APPOINTMENT.—There is established in
2 the Administration a Director for Disaster Planning,
3 appointed by the Administrator.

4 “(2) DUTIES.—Subject to the authority, direc-
5 tion, and control of the Associate Administrator for
6 Disaster Assistance, the Director shall—

7 “(A) develop and implement the Adminis-
8 tration’s plans for responding to disasters; and

9 “(B) direct the Administration’s training
10 exercises with respect to disasters.

11 “(3) COORDINATION.—In carrying out the du-
12 ties under paragraph (2), the Director shall coordi-
13 nate with—

14 “(A) the Associate Administrator for the
15 Office of Disaster Assistance of the Administra-
16 tion;

17 “(B) the Director of the Federal Emer-
18 gency Management Agency; and

19 “(C) other Federal, State, and local dis-
20 aster planning offices, as necessary.

21 “(c) DIRECTOR OF DISASTER LENDING.—

22 “(1) APPOINTMENT.—There is established in
23 the Administration a Director for Disaster Lending,
24 appointed by the Administrator.

1 section 29(a)(2)) that is located in an area af-
2 fected by the incident of national significance.”.

3 (b) MITIGATION LOANS TO SMALL BUSINESS CON-
4 CERNS.—Section 7 of the Small Business Act (15 U.S.C.
5 636) is amended by inserting after subsection (d) the fol-
6 lowing:

7 “(e) DISASTER MITIGATION LOANS.—

8 “(1) AUTHORITY.—The Administrator may
9 make or guarantee a mitigation loan to a small busi-
10 ness concern that receives a loan under section
11 7(b)(1)(A) for the damage or destruction, by reason
12 of an incident of national significance (as declared
13 by the President or his designee), of property owned
14 by the small business concern.

15 “(2) AMOUNT OF LOAN.—The amount of a loan
16 under paragraph (1) shall not exceed 20 percent of
17 the total amount of the cost of the damage or de-
18 struction referred to in paragraph (1). The total
19 amount shall be calculated without regard for any
20 costs for which the small business concern is reim-
21 bursed under any insurance policy or otherwise.”.

22 (c) APPLICABILITY FOR FISCAL YEAR 2006 TO HUR-
23 RICANES KATRINA, RITA, AND WILMA.—

24 (1) IN GENERAL.—For fiscal year 2006, the
25 Administrator—

1 (A) may carry out subsection (e) of section
2 7 of the Small Business Act (as added by sub-
3 section (b) of this section) with respect to a pri-
4 vate nonprofit organization that was located, as
5 of August 28, 2005, in a hurricane-affected
6 area; and

7 (B) may carry out such subsection (e) with
8 respect to a small business concern that was lo-
9 cated, as of August 28, 2005, in a hurricane-
10 affected area, for damage or destruction by rea-
11 son of Hurricane Katrina, Hurricane Rita, or
12 Hurricane Wilma.

13 (2) HURRICANE-AFFECTED AREA DEFINED.—In
14 this section, the term “hurricane-affected area”
15 means a county or parish in the State of Alabama,
16 Florida, Mississippi, Louisiana, or Texas, that has
17 been designated by the Administrator of the Small
18 Business Administration as a disaster area by rea-
19 son of Hurricane Katrina, Hurricane Rita, or Hurri-
20 cane Wilma under disaster declaration 10176,
21 10177, 10178, 10179, 10180, 10181, 10203, 10204,
22 10205, 10206, 10222, or 10223.

1 **SEC. 202. INFORMATION TRACKING AND FOLLOW-UP SYS-**
2 **TEM.**

3 The Small Business Act is amended by inserting after
4 section 42 (as added by section 106) the following:

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

7 “(a) **SYSTEM REQUIRED.**—The Administrator shall
8 develop, implement, and maintain a centralized informa-
9 tion system to track communications between personnel
10 of the Administration and applicants for disaster assist-
11 ance. The system shall ensure that whenever an applicant
12 for disaster assistance communicates with such personnel
13 on a matter relating to the application, the following infor-
14 mation is recorded:

15 “(1) The method of communication.

16 “(2) The date of communication.

17 “(3) The identity of the personnel.

18 “(4) A summary of the subject matter of the
19 communication.

20 “(b) **FOLLOW-UP REQUIRED.**—The Administrator
21 shall ensure that an applicant for disaster assistance re-
22 ceives, by telephone, mail, or electronic mail, follow-up
23 communications from the Administration at all critical
24 stages of the application process, including the following:

1 “(1) When the Administration determines that
2 additional information or documentation is required
3 to process the application.

4 “(2) When the Administration determines
5 whether to approve or deny the loan.

6 “(3) When the primary contact person man-
7 aging the loan application has changed.”.

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

9 The Small Business Act is amended by inserting after
10 section 43 (as added by section 202) the following:

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

12 “(a) PROGRAM REQUIRED.—The Administrator shall
13 carry out a program, to be known as the Immediate Dis-
14 aster Assistance program, under which the Administration
15 participates on a deferred (guaranteed) basis in 85 per-
16 cent of the balance of the financing outstanding at the
17 time of disbursement of the loan if such balance is less
18 than or equal to \$25,000 for businesses affected by a dis-
19 aster.

20 “(b) ELIGIBILITY REQUIREMENT.—To receive a loan
21 guaranteed under subsection (a), the applicant must also
22 apply for, and meet basic eligibility standards for, a loan
23 under section 7(b).

24 “(c) USE OF PROCEEDS.—A person who receives a
25 loan under section 7(b) must use the proceeds of that loan

1 to repay all loans guaranteed under subsection (a), if any,
2 before using the proceeds for any other purpose.

3 “(d) APPROVAL OR DISAPPROVAL.—The Adminis-
4 trator shall ensure that each applicant for a loan under
5 the program receives a decision approving or disapproving
6 of the application within 36 hours after the Administra-
7 tion receives the application.”.

8 **SEC. 204. INCREASED DEFERMENT PERIOD.**

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

12 “(f) ADDITIONAL REQUIREMENTS FOR 7(B)
13 LOANS.—

14 “(1) INCREASED DEFERMENT AUTHORIZED.—

15 “(A) IN GENERAL.—In making loans
16 under section 7(b), the Administrator may pro-
17 vide, to the person receiving the loan, an option
18 to defer repayment on the loan.

19 “(B) PERIOD.—A deferment under sub-
20 paragraph (A) may not exceed 4 years.”.

21 **SEC. 205. REVISED REPAYMENT TERMS.**

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

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

3 “(A) shall not require repayment to be
4 made until 12 months after the date on which
5 the final disbursement of approved amounts is
6 made; and

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

9 **SEC. 206. REVISED DISBURSEMENT PROCESS.**

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

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

16 “(A) LOANS UP TO \$150,000.—If the total
17 amount approved is less than or equal to
18 \$150,000—

19 “(i) the first disbursement shall con-
20 sist of 40 percent of the total loan amount,
21 or a lesser percentage of the total loan
22 amount if the Administrator and the bor-
23 rower agree on such a lesser percentage;

24 “(ii) the second disbursement shall
25 consist of 50 percent of the amounts that

1 remain after the first disbursement, and
2 shall be made when the borrower has pro-
3 duced satisfactory receipts to demonstrate
4 the proper use of the first half of the first
5 disbursement; and

6 “(iii) the third disbursement shall
7 consist of the amounts that remain after
8 the preceding disbursements, and shall be
9 made when the borrower has produced sat-
10 isfactory receipts to demonstrate the prop-
11 er use of the first disbursement and the
12 first half of the second disbursement.

13 “(B) LOANS FROM \$150,000 TO \$500,000.—
14 If the total amount approved is more than
15 \$150,000 but less than or equal to \$500,000—

16 “(i) the first disbursement shall con-
17 sist of 20 percent of the total loan amount,
18 or a lesser percentage if the Administrator
19 and the borrower agree on such a lesser
20 percentage;

21 “(ii) the second disbursement shall
22 consist of 30 percent of the total loan
23 amount remaining after the first disburse-
24 ment, and shall be made when the bor-
25 rower has produced satisfactory receipts to

1 demonstrate the proper use of the first
2 half of the first disbursement;

3 “(iii) the third disbursement shall
4 consist of 25 percent of the total loan
5 amount remaining after the first and sec-
6 ond disbursements, and shall be made
7 when the borrower has produced satisfac-
8 tory receipts to demonstrate the proper use
9 of the first disbursement and the first half
10 of the second disbursement; and

11 “(iv) the fourth disbursement shall
12 consist of the amounts that remain after
13 the preceding disbursements, and shall be
14 made when the borrower has produced sat-
15 isfactory receipts to demonstrate the prop-
16 er use of the first and second disburse-
17 ments and the first half of the third dis-
18 bursement.

19 “(C) LOANS GREATER THAN \$500,000.—If
20 the total amount approved is more than
21 \$500,000—

22 “(i) the first disbursement shall con-
23 sist of at least \$100,000, or a lesser
24 amount if the Administrator and the bor-
25 rower agree on such a lesser amount; and

1 “(ii) the number of disbursements
2 after the first, and the amount of each
3 such disbursement, shall be in the discre-
4 tion of the Administrator, but the amount
5 of each such disbursement shall be not less
6 than \$100,000.”.

7 **SEC. 207. REVISED COLLATERAL REQUIREMENTS.**

8 Section 7 of the Small Business Act is amended in
9 subsection (f) by adding after paragraph (3) (as added
10 by section 206) the following:

11 “(4) REVISED COLLATERAL REQUIREMENTS.—
12 In making a business loan under section 7(b), the
13 total approved amount of which is less than or equal
14 to \$100,000, the Administrator shall not require the
15 borrower to use the borrower’s home as collateral.”.

16 **SEC. 208. ENHANCED LENDING AUTHORITY FOR PRIVATE**
17 **LENDERS.**

18 The Small Business Act is amended by inserting after
19 section 44 (as added by section 203) the following:

20 **“SEC. 45. ENHANCED LENDING AUTHORITY FOR PRIVATE**
21 **LENDERS.**

22 “(a) PROGRAM AUTHORIZED.—The Administrator
23 may, and during a period specified in subsection (b) shall,
24 carry out a program under which the Administrator per-
25 mits banks and other financial institutions to process, ap-

1 prove, close, and service disaster loans under section 7(b)
2 for a fee not to exceed 2 percent of the total loan amount.

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

6 “(1) Any period of an incident of national sig-
7 nificance (as declared by the President or his des-
8 ignee).

9 “(2) Any period during which the average time
10 for the Administration to approve disaster loans in
11 response to any single disaster is 30 days or more.

12 “(c) EXCLUSION OF LENDERS.—If the number or
13 rate of defaults on loans processed, approved, and closed
14 by a lender under the program under subsection (a) are
15 inordinate, as determined by the Administrator, the Ad-
16 ministrator may do any one or more of the following:

17 “(1) Exclude the lender from participating in
18 the program under subsection (a).

19 “(2) Exclude the lender from participating in
20 the Preferred Lenders Program under section
21 7(a)(2)(C)(ii).

22 “(d) FACTOR IN PREFERRED LENDERS PROGRAM.—
23 In determining whether a lender is to be certified or recer-
24 tified to participate in the Preferred Lenders Program

1 under section 7(a)(2)(C)(ii), the Administrator may con-
2 sider as a factor the following:

3 “(1) The loans processed, approved, and closed
4 by the lender under the program under subsection
5 (a).

6 “(2) The participation or non-participation of
7 the lender in the program under subsection (a).”.

8 **SEC. 209. DISASTER PROCESSING REDUNDANCY.**

9 The Small Business Act is amended by inserting after
10 section 45 (as added by section 208) the following:

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

12 “(a) IN GENERAL.—The Administrator shall ensure
13 that the Administration has in place a facility for disaster
14 loan processing that, whenever the Administration’s pri-
15 mary facility for disaster loan processing becomes unavail-
16 able, is able to take over all disaster loan processing from
17 that primary facility within 2 days.

18 “(b) AUTHORIZATION OF APPROPRIATIONS.—There
19 are authorized to be appropriated to carry out this section
20 such sums as may be necessary.”.

21 **SEC. 210. GRANT PROGRAM.**

22 Section 7(b) of the Small Business Act (15 U.S.C.
23 636(b)) is amended by inserting immediately after para-
24 graph (3) the following:

1 “(4) GRANTS TO DISASTER-AFFECTED SMALL
2 BUSINESSSES.—

3 “(A) IN GENERAL.—The Administrator
4 may make a grant of up to \$100,000 to a small
5 business concern that—

6 “(i) was located in a designated dis-
7 aster area affected by disaster declaration
8 10176, 10177, 10178, 10179, 10180,
9 10181, 10203, 10204, 10205, 10206,
10 10222, or 10233;

11 “(ii) submits to the Administrator a
12 certification by the owner of the concern of
13 intent to reestablish the concern in the
14 same county or parish in which the busi-
15 ness was originally located, or in a county
16 or parish contiguous thereto;

17 “(iii) has applied for, and was rejected
18 for, a conventional disaster assistance loan
19 under section 7(b); and

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

23 “(B) PRIORITY.—In making grants under
24 this paragraph, the Administrator shall give
25 priority to a small business concern that the

1 Administrator determines is economically viable
2 but unable to meet short-term financial obliga-
3 tions.

4 “(C) DEFINITION.—In this paragraph, the
5 term ‘disaster-affected area’ means an area that
6 has been designated by the Administrator as a
7 disaster area.

8 “(D) AUTHORIZATION OF APPROPRIA-
9 TIONS.—There are authorized to be appro-
10 priated for grants under this paragraph such
11 funds as may be necessary.”

12 **SEC. 211. WAIVER OF PROHIBITION ON DUPLICATION OF**
13 **CERTAIN BENEFITS.**

14 (a) IN GENERAL.—Section 7(b) of the Small Busi-
15 ness Act (15 U.S.C. 636(b)) is amended by inserting im-
16 mediately after paragraph (4) (as added by section 210)
17 the following:

18 “(5) WAIVER OF PROHIBITION ON DUPLICATION
19 OF CERTAIN BENEFITS.—For any major disaster (as
20 that term is defined in section 102 of the Robert T.
21 Stafford Disaster Relief and Emergency Assistance
22 Act (42 U.S.C. 5122)), in providing assistance
23 under paragraph (1) or (2), the Administrator may
24 waive, in whole or in part, the prohibition on the du-
25 plication of benefits, including whether damage or

1 destruction has been compensated for by, credit is
2 available from, activities are reimbursable through,
3 or funds have been made available from any other
4 source.”.

5 (b) **APPLICABILITY AND RETROACTIVITY FOR VIC-**
6 **TIMS OF HURRICANES KATRINA, RITA, AND WILMA.**—The
7 amendment made by this section shall apply to any assist-
8 ance under section 7(b) of the Small Business Act (15
9 U.S.C. 636(b)) provided on or after August 29, 2005.

10 **SEC. 212. INCREASE LEGISLATIVE LIMIT.**

11 Section 7(b)(3)(E) of the Small Business Act (15
12 U.S.C. 636(b)(3)(E)) is amended by striking
13 “\$1,500,000” and inserting “\$3,000,000” both places
14 such term appears.

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

16 Section 7 of the Small Business Act is amended in
17 subsection (f) by adding after paragraph (4) (as added
18 by section 207) the following:

19 “(5) **NET EARNINGS CLAUSES PROHIBITED.**—
20 In making loans under section 7(b), the Adminis-
21 trator shall not require the borrower to pay any non-
22 amortized amount for the first 5 years after repay-
23 ment begins.”.

1 **SEC. 214. ECONOMIC INJURY DISASTER LOANS TO NON-**
2 **PROFITS.**

3 (a) IN GENERAL.—Section 7 of the Small Business
4 Act (15 U.S.C. 636) is amended in subsection (b)(2)—

5 (1) in the matter preceding subparagraph (A)—

6 (A) by inserting after “small business con-
7 cern” the following: “, private nonprofit organi-
8 zation,”; and

9 (B) by inserting after “the concern” the
10 following: “, organization,”; and

11 (2) in subparagraph (D) by inserting after
12 “small business concerns” the following: “, private
13 nonprofit organizations,”.

14 (b) CONFORMING AMENDMENT.—Such section is fur-
15 ther amended in subsection (c)(5)(C) by inserting after
16 “business” the following: “, organization,”.

17 **SEC. 215. APPLICANTS THAT WILL CONSTITUTE A MAJOR**
18 **SOURCE OF EMPLOYMENT DUE TO CHANGED**
19 **ECONOMIC CIRCUMSTANCES.**

20 Section 7(b)(3)(E) of the Small Business Act (15
21 U.S.C. 636(b)(3)(E)) is amended by inserting after “con-
22 stitutes” the following: “, or will due to changed economic
23 circumstances constitute,”.

1 **TITLE III—OVERSIGHT**

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

3 The Small Business Act is amended by inserting after
4 section 46 (as added by section 209) the following:

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

6 “(a) ANNUAL REPORT REQUIRED.—Not later than
7 45 days after the end of a fiscal year, the Administrator
8 shall submit to the Committee on Small Business of the
9 Senate and the Committee on Small Business of the
10 House of Representatives a report on the disaster assist-
11 ance operations of the Administration for that fiscal year.
12 The report shall—

13 “(1) specify the number of Administration per-
14 sonnel involved in such operations;

15 “(2) describe any material changes to those op-
16 erations, such as changes to technologies used or to
17 personnel responsibilities;

18 “(3) describe and assess the effectiveness of the
19 Administration in responding to disasters during
20 that fiscal year, including a description of the num-
21 ber and amounts of loans made for damage and for
22 economic injury; and

23 “(4) describe the plans of the Administration
24 for preparing to respond to disasters during the next
25 fiscal year.

1 “(b) INCIDENTS OF NATIONAL SIGNIFICANCE.—Dur-
2 ing the period of an incident of national significance (as
3 declared by the President or his designee), the Adminis-
4 trator shall, on a monthly basis, submit to the committees
5 specified in subsection (a) a report on the disaster assist-
6 ance operations of the Administration with respect to that
7 incident of national significance. The report shall speci-
8 fy—

9 “(1) the number of applications distributed;

10 “(2) the number of applications received;

11 “(3) the average time for the Administration to
12 approve or disapprove an application;

13 “(4) the amount of disaster loans approved;

14 “(5) the average time for initial disbursement
15 of loan proceeds; and

16 “(6) the amount of disaster loan proceeds dis-
17 bursed.”.