

110TH CONGRESS  
1ST SESSION

# S. 2328

To establish a homeowner mitigation loan program within the Federal Emergency Management Agency to promote pre-disaster property mitigation measures.

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## IN THE SENATE OF THE UNITED STATES

NOVEMBER 8, 2007

Mr. REID (for Mr. DODD) introduced the following bill; which was read twice and referred to the Committee on Homeland Security and Governmental Affairs

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## A BILL

To establish a homeowner mitigation loan program within the Federal Emergency Management Agency to promote pre-disaster property mitigation measures.

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 “Property Mitigation  
5 Assistance Act of 2007”.

6 **SEC. 2. HOMEOWNER MITIGATION LOAN PROGRAM.**

7 Section 203 of the Robert T. Stafford Disaster As-  
8 sistance and Emergency Relief Act (42 U.S.C. 5133) is  
9 amended—

1           (1) by redesignating subsection (m) as sub-  
2           section (n); and

3           (2) by inserting after subsection (l) the fol-  
4           lowing:

5           “(m) HOMEOWNER MITIGATION LOAN PROGRAM.—

6           “(1) ESTABLISHMENT.—The Administrator of  
7           the Federal Emergency Management Agency shall  
8           establish a grant program to provide assistance to  
9           States to promote pre-disaster property mitigation  
10          measures within the jurisdiction of the States.

11          “(2) APPLICATION.—A State desiring a grant  
12          under this subsection shall submit an application as  
13          required pursuant to regulations promulgated by the  
14          Administrator under paragraph (7).

15          “(3) ELIGIBILITY REQUIREMENTS.—In order to  
16          be eligible to receive a grant under paragraph (1) a  
17          State shall have—

18                  “(A) submitted a mitigation plan under  
19                  section 322(c);

20                  “(B) established a process for accepting  
21                  and processing grant and loan applications  
22                  from individual homeowners and business own-  
23                  ers;

1           “(C) established a revolving loan fund to  
2           which any grant amounts received under this  
3           section shall be deposited; and

4           “(D) submitted a detailed plan for how  
5           terms and conditions for loans and grants au-  
6           thorized under paragraph (5) will be set.

7           “(4) FUNDING FORMULA.—

8           “(A) IN GENERAL.—The Administrator  
9           shall allocate grant amounts to eligible States  
10          under paragraph (1) according to a formula  
11          based on the following factors:

12           “(i) The extent and nature of the po-  
13           tential hazards to property in the State.

14           “(ii) The level and degree of risk of  
15           potential hazards or natural disasters con-  
16           fronted by the State.

17           “(iii) The number of properties at risk  
18           in the event that a hazard or natural dis-  
19           aster should occur in the State.

20           “(iv) The amount of prior property  
21           damages incurred by the State during any  
22           previous hazard or natural disaster.

23           “(v) Any available data on the future  
24           risk of occurrence of any hazard or natural  
25           disaster in a State.

1           “(B) BASELINE AMOUNT.—Any formula  
2 developed by the Administrator under subpara-  
3 graph (A), shall ensure that each eligible State  
4 shall, at a minimum, receive an amount equal  
5 to not less than \$500,000.

6           “(C) MATCHING REQUIREMENT.—To be el-  
7 igible to receive any grant funds under this sub-  
8 section, a State shall contribute matching non-  
9 Federal funds in an amount equal to not less  
10 than 10 percent of the total amount of the  
11 grant.

12           “(5) ELIGIBLE ACTIVITIES.—

13           “(A) IN GENERAL.—A grant under this  
14 subsection may be used by a State to carry out  
15 grant and lending functions as authorized  
16 under this paragraph.

17           “(B) REVOLVING LOANS AND GRANTS TO  
18 HOMEOWNERS AND BUSINESSES.—

19           “(i) AUTHORITY OF STATES.—Each  
20 State is authorized to make from any re-  
21 volving loan fund established pursuant to  
22 paragraph (3)(C) grants or loans from  
23 such fund to assist individual homeowners  
24 and businesses in undertaking pre-disaster  
25 property mitigation measures.

1           “(ii) DETERMINATION OF THE  
2 STATE.—No loans shall be provided under  
3 this paragraph unless a State determines  
4 that—

5           “(I) there is reasonable assur-  
6 ance of repayment of the loan; and

7           “(II) the amount of the loan, to-  
8 gether with other funds available to  
9 the property owner, is adequate to as-  
10 sure the purposes for which the loan  
11 is made.

12           “(iii) GRANT AND LOAN REQUIRE-  
13 MENTS.—

14           “(I) GRANTS.—A State may  
15 make grants for elevation and other  
16 pre-disaster property mitigation meas-  
17 ures to homeowners with household  
18 incomes of less than 50 percent of  
19 area median income.

20           “(II) LOANS.—A State may  
21 make—

22           “(aa) low-interest loans for  
23 elevation and other pre-disaster  
24 property mitigation measures to  
25 homeowners with household in-

1 comes of less than 120 percent of  
 2 area median income; and

3 “(bb) loans for elevation and  
 4 other pre-disaster property miti-  
 5 gation measures to homeowners  
 6 with household incomes of great-  
 7 er than 120 percent of area me-  
 8 dian income or any other prop-  
 9 erty owner, including business  
 10 owners.

11 “(III) MAXIMUM GRANT AND  
 12 LOAN AMOUNTS.—

13 “(aa) IN GENERAL.—Each  
 14 State shall establish maximum  
 15 grant and loan amounts for ele-  
 16 vation and other pre-disaster  
 17 property mitigation measures  
 18 under subclause (II).

19 “(bb) CONSIDERATIONS.—In  
 20 establishing the grant and loan  
 21 amounts under item (aa), each  
 22 State shall consider the following:

23 “(AA) The degree to  
 24 which such amounts will  
 25 maximize mitigation efforts.

1                   “(BB) The ability of  
2                   such amounts to allow a  
3                   homeowner to properly and  
4                   effectively undertake mitiga-  
5                   tion activities.

6                   “(IV) INTEREST RATE.—For  
7                   purposes of this paragraph, each  
8                   State shall develop a sliding scale  
9                   mechanism for determining the rate of  
10                  interest to charge homeowners who  
11                  apply for loans under this program  
12                  based on their income level.

13                  “(V) NO COMPOUNDING.—Inter-  
14                  est on the outstanding principal bal-  
15                  ance of any loan under this paragraph  
16                  shall not compound.

17                  “(VI) BALANCE DUE.—

18                  “(aa) IN GENERAL.—The  
19                  principal of any loan made under  
20                  this paragraph, including any in-  
21                  terest accrued on such principal,  
22                  shall not be due and payable be-  
23                  fore the period set forth in sub-  
24                  clause (VII)(bb) unless the real

1 property securing such loan is  
2 sold or transferred.

3 “(bb) DEPOSIT OF BALANCE  
4 DUE.—If the event described in  
5 item (aa) occurs, the principal of  
6 any loan made under this para-  
7 graph, including any interest ac-  
8 crued on such principal, shall im-  
9 mediately become due and pay-  
10 able to the State.

11 “(VII) REPAYMENT PERIOD.—All  
12 loans made under this paragraph shall  
13 be repayable—

14 “(aa) on a monthly basis;  
15 and

16 “(bb) within a period of not  
17 more than 15 years.

18 “(VIII) NO PENALTY FOR PRE-  
19 PAYMENT.—Any homeowner or other  
20 property owner who receives a loan  
21 under this section may repay the loan  
22 in full, without penalty, by lump sum  
23 or by installment payments, at any  
24 time prior to the loan becoming due  
25 and payable.

1                   “(IX) CREDITS.—The interest  
2                   on, and the proceeds from the collec-  
3                   tion or redemption of, any loan obliga-  
4                   tions held by the revolving loan fund  
5                   of a State shall be credited to and  
6                   form a part of such fund.

7                   “(X) SUBORDINATION PER-  
8                   MITTED.—Any loan made under this  
9                   section will be subordinated to any re-  
10                  financing of the first mortgage, any  
11                  preexisting subordinate financing, any  
12                  purchase money mortgage, or subordi-  
13                  nated for any other reason, as deter-  
14                  mined by the State.

15                  “(C) APPLICATION PROCESS.—

16                  “(i) IN GENERAL.—An individual  
17                  homeowner or business desiring a loan or  
18                  grant under this paragraph shall submit  
19                  an application at such time, in such man-  
20                  ner, and accompanied by such information  
21                  as the State may reasonably require.

22                  “(ii) REQUIRED SHOWING BY HOME-  
23                  OWNERS.—An individual homeowner desir-  
24                  ing a loan or grant under this paragraph  
25                  shall submit to the State proof that such

1 homeowner has insured the property on  
2 which any funds awarded under this para-  
3 graph will be used to undertake pre-dis-  
4 aster property mitigation measures, includ-  
5 ing proving that such homeowner has flood  
6 insurance on such property if the pre-dis-  
7 aster mitigation measure to be undertaken  
8 are being done to lower the risk of loss  
9 from a flood.

10 “(iii) STATE RESPONSIBILITY.—Each  
11 State receiving a grant under this sub-  
12 section shall establish a process wherein  
13 not later than 60 days after the receipt of  
14 an application for a loan or grant sub-  
15 mitted by a homeowner or business under  
16 clause (i), the State issues a determination  
17 as to whether or not such application is  
18 approved. In making such determination  
19 that State shall examine if the proposed  
20 mitigation project in the application satis-  
21 fies the requirements of this paragraph, in-  
22 cluding whether—

23 “(I) the homeowner or business  
24 is located in an area at risk of hazard  
25 or natural disaster;

1                   “(II) the mitigation project is an  
2                   eligible activity for purposes of such  
3                   loan or grant; and

4                   “(III) the cost of the mitigation  
5                   project is reasonable.

6                   “(D) CONSULTATION WITH LOCALITIES.—  
7                   Each State receiving a grant under this sub-  
8                   section shall develop a process by which such  
9                   State will consult with local and municipal gov-  
10                  ernments as to each project proposed to be  
11                  funded by a loan or grant under this para-  
12                  graph.

13                  “(6) PROHIBITION ON USE OF FUNDS FOR COM-  
14                  MUNITY WIDE MITIGATION ACTIVITIES.—None of the  
15                  amounts made available under this subsection may  
16                  be used for community wide mitigation activities.

17                  “(7) PERMISSIBLE DESIGNEES.—A State re-  
18                  ceiving a grant under this subsection may designate  
19                  a State housing finance agency or any other State  
20                  agency, office, or entity with experience in maintain-  
21                  ing grant and loan programs to—

22                  “(A) apply for a grant under this sub-  
23                  section;

1           “(B) receive and distribute grant funds  
2 awarded under this subsection in accordance  
3 with the requirements of this subsection; and

4           “(C) perform any other administrative du-  
5 ties related to the activities authorized by this  
6 subsection.

7           “(8) RULEMAKING.—Not later than 6 months  
8 after the date of enactment of the Property Mitiga-  
9 tion Assistance Act of 2007, the Administrator shall  
10 promulgate regulations implementing the provisions  
11 of this subsection.

12           “(9) REPORT TO CONGRESS.—The Adminis-  
13 trator shall, on annual basis, report to Congress on  
14 the activities authorized by this subsection.

15           “(10) DEFINITIONS.—As used in this sub-  
16 section:

17           “(A) LOW-INTEREST LOAN.—The term  
18 ‘low-interest loan’ means a loan that carries a  
19 simple annual percentage rate that shall be de-  
20 termined in the discretion of the State, but that  
21 shall, at minimum, be less than the prime rate  
22 of interest.

23           “(B) MEDIAN INCOME.—The term ‘median  
24 income’ means, with respect to an area, the  
25 unadjusted median family income for the area,

1 as determined and published annually by the  
2 Secretary of Housing and Urban Development.

3 “(C) OTHER PRE-DISASTER PROPERTY  
4 MITIGATION MEASURES.—The term ‘other pre-  
5 disaster property mitigation measures’ in-  
6 cludes—

7 “(i) activities such as the addition of  
8 storm shutters, hurricane clips, and safe  
9 rooms;

10 “(ii) small elevation projects, such as  
11 the elevation of an electrical or heating  
12 system; and

13 “(iii) any other activity the Adminis-  
14 trator, State, or local government believes  
15 will mitigate the risks of future hazards  
16 and natural disasters.

17 “(D) PRIME RATE OF INTEREST.—The  
18 term ‘prime rate of interest’ means the target  
19 federal funds rate as determined by the Federal  
20 Open Markets Committee of the Federal Re-  
21 serve System plus 300 basis points.

22 “(E) PROPERTY MITIGATION MEASURES  
23 RELATED TO ELEVATION.—The term ‘property  
24 mitigation measures related to elevation’ means  
25 the elevation of a home.

1           “(F) STATE.—The term ‘State’ means any  
2           State of the United States, the District of Co-  
3           lumbia, the Commonwealth of Puerto Rico, the  
4           Commonwealth of the Northern Mariana Is-  
5           lands, American Samoa, Guam, each of the  
6           United States Virgin Islands, and any territory  
7           or possession of the United States.

8           “(11) AUTHORIZATION OF APPROPRIATIONS.—  
9           There are authorized to be appropriated to carry out  
10          this subsection \$200,000,000 for each of fiscal years  
11          2008 through 2013.”.

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