

## AN ACT

1 Amending Title 35 (Health and Safety) of the Pennsylvania  
2 Consolidated Statutes, establishing the State Disaster  
3 Assistance Loan Program; providing for powers and duties of  
4 the Pennsylvania Emergency Management Agency and the  
5 Pennsylvania Housing Finance Agency; establishing the State  
6 Disaster Assistance Loan Fund; providing for funding for the  
7 State Disaster Assistance Loan Program; and making an  
8 appropriation.

9 The General Assembly of the Commonwealth of Pennsylvania  
10 hereby enacts as follows:

11 Section 1. Chapter 73 of Title 35 of the Pennsylvania  
12 Consolidated Statutes is amended by adding a subchapter to read:

13 SUBCHAPTER G

14 DISASTER ASSISTANCE LOANS

15 Sec.

16 7391. Legislative findings and purpose.

17 7392. Definitions.

18 7393. State Disaster Assistance Loan Program.

19 7394. Request for loan authorization.

20 7395. Application for and issuance of loan.

1 7396. Funding.

2 § 7391. Legislative findings and purpose.

3 (a) Findings.--The General Assembly finds as follows:

4 (1) This Commonwealth, because of its topography,  
5 development and economic base, is susceptible to a wide range  
6 of disasters and emergencies, including fire, flood and wind  
7 and technological accidents and emergencies, that threaten  
8 public health and safety as well as the economic well-being  
9 of the citizens of this Commonwealth.

10 (2) The violent forces of nature and unpredictable man-  
11 made accidents that occur in this Commonwealth cause damage  
12 to public and private property and create conditions that  
13 force families from their homes. These disasters and  
14 emergencies threaten public health, safety and the general  
15 welfare of affected communities.

16 (3) Disasters which have impact on a large area and  
17 population often qualify for various forms of aid from the  
18 Federal Government to help repair and replace damaged  
19 residences. More localized disasters create identical serious  
20 hardship and loss for those families directly affected, but  
21 Federal assistance is not made available to help with  
22 recovery.

23 (4) As a result of extensive repair costs resulting from  
24 disaster and emergency damages, homeowners without adequate  
25 insurance coverage may be unable to repair their damaged  
26 property.

27 (5) Failure to expeditiously repair disaster and  
28 emergency damages may result in a degradation of the quality  
29 of the community and the creation of unsafe conditions.

30 (b) Purpose.--It is the purpose of this subchapter to create

1 a State program to provide limited assistance to homeowners  
2 directly affected by disasters and emergencies. State assistance  
3 will be limited to loans to homeowners to help repair damage to  
4 primary residences. Loans will be made available by the State  
5 when community conditions exceed a clearly established threshold  
6 of loss and impact.

7 § 7392. Definitions.

8 The following words and phrases when used in this subchapter  
9 shall have the meanings given to them in this section unless the  
10 context clearly indicates otherwise:

11 "Fund." The State Disaster Assistance Loan Fund established  
12 under this subchapter.

13 "Program." The State Disaster Assistance Loan Program  
14 established under this subchapter.

15 § 7393. State Disaster Assistance Loan Program.

16 (a) Program established.--The State Disaster Assistance Loan  
17 Program is established to provide disaster assistance loans to  
18 homeowners under the provisions of this subchapter.

19 (b) Responsibilities of the agency.--The agency is  
20 authorized to do the following:

21 (1) Develop the program with the Pennsylvania Housing  
22 Finance Agency and other appropriate State and county  
23 government representatives to provide loans to homeowners  
24 directly affected by disasters and emergencies when the  
25 impact upon the community exceeds an established threshold of  
26 loss and impact.

27 (2) Authorize the issuance of State disaster assistance  
28 loans to homeowners after review and approval of the county's  
29 written request, submission of a detailed damage survey  
30 report, compliance with necessary public-funding requirements

1 and certification that no other public funded program exists  
2 to help affected homeowners.

3 (3) Develop and conduct training programs for State and  
4 county officials and staff to implement the State Disaster  
5 Assistance Loan Program. Training shall include program  
6 administration, damage assessment documentation and reporting  
7 and mitigation identification and implementation.

8 § 7394. Request for loan authorization.

9 (a) County requests.--County emergency management  
10 coordinators, in coordination with disaster-affected municipal  
11 elected officials and local emergency management coordinators,  
12 shall submit to the agency a request to make State disaster  
13 assistance loans available to disaster-affected homeowners in  
14 the county. As required by section 7504(b) (relating to  
15 coordination, assistance and mutual aid), all requests shall be  
16 based on a finding that the disaster is of such magnitude and  
17 severity that State disaster assistance is necessary to  
18 alleviate the hardships caused to the affected homeowners and  
19 that no other government-funded programs exist or existing  
20 programs have been exhausted.

21 (b) Program eligibility threshold.--In order for the agency  
22 to authorize State disaster assistance loans, the county must  
23 submit a detailed written damage survey report which identifies  
24 by name and address each residential homeowner who has suffered  
25 an uninsured loss in excess of 40% of the pre-disaster fair  
26 market value of the home. In order for the program to be  
27 implemented, there must be within that county at least ten  
28 primary residences of either a single-family residential,  
29 condominium, apartment or mobile home nature which have suffered  
30 damage or loss directly caused by the identified disaster or

1 emergency. Camps, cottages or other types of secondary  
2 residences are not eligible for disaster loan assistance.  
3 Applicants must show proof that banks and other financial  
4 institutions will not grant a loan for this purpose or that the  
5 loan repayment amount is beyond the capability of the homeowner.  
6 In its written request, the county shall also furnish  
7 information requested by the agency concerning the nature of the  
8 disaster or emergency that impacted the county. The county must  
9 also certify in its report that current county and affected  
10 political subdivision emergency management plans are current and  
11 have been activated in response to the disaster or emergency.  
12 The agency shall review the effectiveness of the plans and  
13 response and may require changes as it deems necessary in plans  
14 and procedures. The changes shall be made by local and county  
15 governments before any loans may be authorized.

16 § 7395. Application for and issuance of loan.

17 (a) Review of county requests for assistance.--The agency  
18 shall review and approve all county requests for loan  
19 assistance. The agency shall then notify the Pennsylvania  
20 Housing Finance Agency of all approved county requests. The  
21 Pennsylvania Housing Finance Agency shall then implement the  
22 loan application, review, approval and award process for the  
23 individual residential homeowners identified in the county's  
24 damage survey report.

25 (b) Loan application and award.--All loans issued under the  
26 program are supplemental to a homeowner's residential insurance  
27 coverage. This program may be authorized when the magnitude and  
28 severity of the disaster or emergency meets or exceeds program  
29 eligibility standards as set forth in section 7394(b) (relating  
30 to request for loan authorization). All requirements of the loan

1 application and award process shall be developed by the agency  
2 and the Pennsylvania Housing Finance Agency. The Pennsylvania  
3 Housing Finance Agency shall develop regulations to implement  
4 the loan requirements. All applications for loans must be  
5 received by the Pennsylvania Housing Finance Agency within 60  
6 days after the agency has approved the county damage survey  
7 report and request for assistance.

8 (c) Homeowner eligibility.--A homeowner residing within a  
9 county or counties designated by the agency as a State disaster  
10 emergency area who suffered disaster-related damage to a primary  
11 residence in excess of the amount described in section 7394 may  
12 apply for a State disaster assistance loan.

13 (d) Interest.--The rate of interest on State disaster  
14 assistance loans shall be set by the Pennsylvania Housing  
15 Finance Agency in its regulations. Loans shall be secured by  
16 mortgages on the real estate and shall be repaid in accordance  
17 with promissory notes which establish monthly loan principal and  
18 interest payments.

19 (e) Insurance requirement.--As a condition of eligibility  
20 for a State disaster assistance loan, the loan recipient shall  
21 agree to purchase and maintain insurance coverage in an amount  
22 equal to the value of the rebuilt or replaced primary residence  
23 for which a loan is awarded. The insurance shall include full  
24 protection against all natural hazards, including fire, wind  
25 and, where appropriate, flood damage. All primary residences  
26 located within a designated 100-year flood plain must include  
27 flood insurance. During the term of the loan, each loan  
28 recipient must provide written verification of appropriate and  
29 adequate insurance protection in the form of either premium  
30 statements, policy renewal notices or copies of the actual

1 insurance policy to the Pennsylvania Housing Finance Agency. The  
2 insurance policy must list the Pennsylvania Housing Finance  
3 Agency as the loss payee of the policy. A homeowner's failure to  
4 maintain appropriate insurance protection shall result in the  
5 loan being declared in default.

6 (f) Limitations.--The following limitations shall apply to  
7 the program:

8 (1) A loan shall not be made to a homeowner who is  
9 eligible to receive assistance from the Federal Government  
10 under any Federal disaster assistance and recovery program. A  
11 homeowner who has received Federal aid in the maximum amount  
12 allowable under Federal disaster relief law and continues to  
13 have significant disaster-related damage to a primary  
14 residence making the home uninhabitable may be eligible to  
15 apply for a State disaster assistance loan.

16 (2) Loans shall be limited to homeowner-occupied primary  
17 residences that are located within a county that the agency  
18 has designated as a disaster emergency area.

19 (3) Loans are limited to providing for essential repairs  
20 to the primary residence which are needed to make the  
21 residence safe, sanitary and habitable for occupancy based on  
22 applicable State and local building or occupancy codes. Loans  
23 shall not be authorized for improvements to the value of the  
24 residence or for other purposes not authorized by this  
25 section.

26 (4) Repairing or replacing loss or damage to  
27 landscaping, shrubs, trees, out-buildings or any other  
28 nonresidential structures which are not physically attached  
29 to the primary residence are not eligible costs for a State  
30 disaster assistance loan.

1           (5) Loans may be provided for disaster mitigation on the  
2 property if approved by the agency.

3           (6) A homeowner may only apply for one disaster  
4 assistance loan at a time. While a homeowner's disaster  
5 assistance loan is in effect, the same homeowner shall be  
6 ineligible for another loan under the program. If the  
7 homeowner's primary residence is damaged in a subsequent  
8 disaster while the disaster assistance loan is in effect, the  
9 required insurance coverage shall be considered adequate for  
10 repairs to the residence.

11           (7) The maximum amount of a loan is \$50,000. The minimum  
12 amount of any loan is \$1,000.

13 § 7396. Funding.

14           (a) Appropriation.--The sum of \$1,000,000 is appropriated to  
15 the Pennsylvania Housing Finance Agency.

16           (b) State Disaster Assistance Loan Fund.--The sum  
17 appropriated shall be deposited in a State Disaster Assistance  
18 Loan Fund which is established as a restricted receipts account  
19 in the State Treasury. Moneys in the fund shall be used solely  
20 for the purpose of implementing this subchapter. The first  
21 executive budget submission following the effective date of this  
22 subchapter shall contain the appropriation provided for in  
23 subsection (a). Appropriations to the fund shall not lapse. All  
24 loan payments of principal and interest made to the Pennsylvania  
25 Housing Finance Agency shall be deposited in the fund. Any  
26 amount in the fund in excess of \$3,000,000 which remains  
27 unexpended or uncommitted after July 1 of each year, beginning  
28 with the first fiscal year after the enactment of this  
29 subchapter, shall be returned to the General Fund. Sufficient  
30 appropriations shall be made annually in order to maintain a



1 minimum balance of at least \$1,000,000. Should annual program  
2 activity exceed the funds available, the General Assembly may  
3 supplement the fund to restore it to the full annual  
4 appropriation.

5 (c) Administrative expenses.--The Pennsylvania Housing  
6 Finance Agency shall annually provide to the Pennsylvania  
7 Emergency Management Agency 10% of the total amount in the fund  
8 in order that the agency may provide for program administration,  
9 State and local damage assessment training and materials, and  
10 operational, mitigation, preparedness, response and recovery  
11 costs.

12 (d) Diversion of moneys in fund prohibited.--Moneys in the  
13 fund shall not be diverted to fund other Commonwealth operations  
14 or programs or be transferred to other funds, and shall be used  
15 exclusively for the purposes provided for in this subchapter.

16 Section 2. This act shall take effect immediately.