

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 an 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 agency.--The agency is authorized to
20 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 program. Training
5 shall include program administration, damage assessment
6 documentation and reporting and mitigation identification and
7 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 predisaster fair
26 market value of the home. In order for the program to be
27 implemented, there must be within that county at least 10
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 hereby
15 appropriated to the Pennsylvania Housing Finance Agency.

16 (b) State Disaster Assistance Loan Fund.--

17 (1) The sum appropriated under subsection (a) shall be
18 transferred to the State Disaster Assistance Loan Fund, which
19 is established in the State Treasury.

20 (2) Money in the fund shall be used solely for the
21 purpose of implementing this subchapter. Appropriations to
22 the fund shall not lapse.

23 (3) All loan payments of principal and interest made to
24 the Pennsylvania Housing Finance Agency shall be deposited in
25 the fund.

26 (4) Any amount in the fund in excess of \$3,000,000 which
27 remains unexpended or uncommitted after July 1 of each year,
28 beginning with the first fiscal year after the effective date
29 of this subchapter, shall be returned to the General Fund.

30 (c) Administrative expenses.--The Pennsylvania Housing

1 Finance Agency shall annually provide to the agency 10% of the
2 total amount in the fund in order that the agency may provide
3 for program administration, State and local damage assessment
4 training and materials and operational, mitigation,
5 preparedness, response and recovery costs.

6 (d) Diversion of money in fund prohibited.--Money in the
7 fund shall not be diverted to fund other Commonwealth operations
8 or programs or be transferred to other funds and shall be used
9 exclusively for the purposes provided for in this subchapter.

10 Section 2. This act shall take effect immediately.