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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 589 Session of  
2013

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INTRODUCED BY BAKER, TAYLOR, CARROLL, MAJOR, KORTZ, MOUL, DAVIS,  
HESS, FABRIZIO, WATSON, EMRICK, MILLARD, MULLERY,  
CALTAGIRONE, SWANGER, PETRI, FARRY, MOLCHANY, MURT, SAINATO,  
YOUNGBLOOD, PEIFER, GIBBONS AND FREEMAN, FEBRUARY 8, 2013

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REFERRED TO COMMITTEE ON VETERANS AFFAIRS AND EMERGENCY  
PREPAREDNESS, FEBRUARY 8, 2013

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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.

1 7395. Application for and issuance of loan.

2 7396. Funding.

3 § 7391. Legislative findings and purpose.

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

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

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

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

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

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

1 (b) Purpose.--It is the purpose of this subchapter to create  
2 a State program to provide limited assistance to homeowners  
3 directly affected by disasters and emergencies. State assistance  
4 will be limited to loans to homeowners to help repair damage to  
5 primary residences. Loans will be made available by the State  
6 when community conditions exceed a clearly established threshold  
7 of loss and impact.

8 § 7392. Definitions.

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

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

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

16 § 7393. State Disaster Assistance Loan Program.

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

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

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

28 (2) Authorize the issuance of State disaster assistance  
29 loans to homeowners after review and approval of the county's  
30 written request, submission of a detailed damage survey

1 report, compliance with necessary public-funding requirements  
2 and certification that no other public funded program exists  
3 to help affected homeowners.

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

9 § 7394. Request for loan authorization.

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

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

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

17 § 7395. Application for and issuance of loan.

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

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

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

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

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

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

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

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

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

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

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

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

1 disaster assistance loan.

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

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

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

14 § 7396. Funding.

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

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



1 appropriations shall be made annually in order to maintain a  
2 minimum balance of at least \$1,000,000. Should annual program  
3 activity exceed the funds available, the General Assembly may  
4 supplement the fund to restore it to the full annual  
5 appropriation.

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

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

17 Section 2. This act shall take effect immediately.