



## Legislation Text

**File #:** Res 0624-2002, **Version:** \*

Res No. 624

Resolution calling upon the United Small Business Administration and the United States Congressional Committees that approve its lending guidelines, as well as other government-funded loan programs managed by community lending institutions like New York's Seedco Corporation, to change the guidelines of their special post-September 11, 2001, disaster relief loan programs to provide lower Manhattan business owners with loans collateralized by corporate, as opposed to personal guarantees and collateral, and to change the collateral requirements for existing loans made under these programs to substitute corporate for personal guarantees.

By Council Members Gerson, Recchia, Baez, Filder, Jackson, Liu, Lopez, Martinez, Nelson, Perkins, Reyna, Sanders, Sears, Stewart, Weprin, Quinn and Brewer

Whereas, In the wake of the September 11, 2001 attacks, the United States Small Business Administration ("SBA") has implemented a Disaster Relief loan program, which has approved low interest loans totaling more than \$375 million for more than 4,000 New York City businesses, thereby creating an essential lifeline to companies that together employ tens of thousands of New Yorkers; and

Whereas, In the wake of the September 11, 2001 attacks, at least \$50 million of federal disaster assistance money from Community Development Block Grants is being provided to community development banks, like Seedco Corporation, to provide additional loans to lower Manhattan businesses adversely impacted by the September 11, 2001 attacks; and

Whereas, Dozens of lower Manhattan business owners have complained of needing to sign personally on all SBA Disaster Loans and all Seedco loans, including pledging their homes to secure such loans, thereby risking the "domino effect," of the horrible attacks of September 11, 2001 destroying their businesses, then the later effect of losing their homes after defaulting on the SBA loans; and  
Whereas, A requirement that small business disaster loan recipients provide corporate guarantees, rather than personal guarantees, would protect small business owners organized as corporations, from the risk of personal losses, such as the loss of a home in addition to the business loss that they have sustained; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the United States Small Business Administration and the United States Congressional Committees that approve its lending guidelines, as well as other government-funded loan programs managed by community lending institutions like New York's Seedco Corporation, to change the guidelines of their special post-September 11, 2001, disaster relief loan programs to provide lower Manhattan business owners with loans collateralized by corporate, as opposed to personal guarantees and collateral, and to change the collateral requirements for existing loans made under these programs to substitute corporate for personal guarantees.

BR  
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12/13/02

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