United States Senate
WASHINGTON, DC 20510

July 28, 2009

The Honorable Karen G. Mills
Administrator
U.S. Small Business Administration
409 Third Street, SW
Washington, D.C. 20416

Dear Administrator Mills:

As we write to you, the Consumer Product Safety Commission (CPSC) and the Environmental Protection Agency (EPA), in coordination with other Federal and State agencies, are conducting a comprehensive investigation into the health and safety impacts of Chinese-made drywall on American consumers. The U.S. Small Business Administration (SBA) has an important role in disaster response and recovery efforts – helping both homeowners and businesses impacted by manmade and natural disasters. We believe that, at the appropriate time, your agency may be of assistance to homeowners impacted by this toxic product.

Since 2006, more than 550 million pounds of drywall have been imported to the United States from China. In the last 18 months, countless homeowners across the country have reported serious metal corrosion, noxious fumes and health concerns. Reported symptoms have included bloody noses, headaches, insomnia and skin irritation. Preliminary testing has confirmed that imported defective drywall is the problem, but these tests have not been able to pinpoint the specific problem substance within the drywall. More comprehensive results are expected from CPSC and EPA in August/September. In total, the CPSC has received 608 incident reports from 21 states and the District of Columbia, demonstrating that this poses a threat to homeowners across the country.

With this in mind, we respectfully request that the SBA review its existing authority under the Stafford Act and respond no later than August 28, 2009 on the following:

- Whether SBA may disburse additional funds on SBA Real Property Disaster Loans from previous disaster or emergency declarations (such as Hurricanes Katrina and Rita in 2005, the 2004 Florida Hurricanes, the 2008 Midwest floods, or other emergency/disaster declarations).
    - Also outline if the SBA can waive the two year time limit for requesting an increase in loan limits since extraordinary and unforeseeable circumstances may apply in this situation;
- Whether SBA – following a written request from a Governor that has declared a disaster or emergency – may make a physical disaster declaration if homes, businesses or a combination of the two, have sustained uninsured losses; and
- Whether SBA may make an economic injury declaration if it is demonstrated that at least five small businesses in a disaster area have suffered economic injury as a result of the disaster or emergency and are in need of financial help not otherwise available.

In closing, families in our states are, in many cases, watching their dream homes turn into nightmares. As the Federal government determines the full size and scope of this disaster, we believe it is important to marshal all appropriate Federal resources that may assist these families. We therefore thank you for your consideration of this important request.

Sincerely,

Mary L. Landrieu
United States Senator

Bill Nelson
United States Senator

Mark Warner
United States Senator

Jim Webb
United States Senator