rine Act, 1936 [see Short Title of 1936 Amendment note set out under section 101 of this title] to encourage domestic shipbuilding by making available federally backed loan guarantees for new construction to ship owners and operators.

''(2) The maritime loan guarantee program has a long and successful history of ship construction with a low historical default rate.

''(3) The current process for review of applications for maritime loans in the Department of Transportation has effectively discontinued the program as envisioned by the Congress.

''(4) The President has requested no funding for the loan guarantee program despite the stated national policy to foster the development and encourage the maintenance of a merchant marine in section 50101 of title 46, United States Code.

''(5) United States commercial shipyards were placed at a competitive disadvantage in the world shipbuilding market by government subsidized foreign commercial shipyards.

''(6) The maritime loan guarantee program has the potential to modernize shipyards and the ships of the United States coastwise trade and restore a competitive position in the world shipbuilding market for United States shipyards.

''(7) The maritime loan guarantee program is a useful tool to encourage domestic shipbuilding, preserving a vital industrial capacity critical to the security of the United States.

''(b) REQUIREMENTS.—

''(1) IN GENERAL.—Within 180 days after the date of enactment of this Act [Jan. 28, 2008], the Administrator of the Maritime Administration shall develop and implement a comprehensive plan for the review of applications for loan guarantees under chapter 537 of title 46, United States Code.

''(2) DEADLINE FOR ACTION ON APPLICATION.—

''(A) TRADITIONAL APPLICATIONS.—In the comprehensive plan the Administrator will ensure that within the 90-day period following receipt of all pertinent documentation required for review of a traditional loan application, the application shall be either accepted or rejected.

''(B) NONTRADITIONAL APPLICATIONS.—In the comprehensive plan the Administrator will ensure that within the 180-day period following receipt of all pertinent documentation required for review of a nontraditional loan application, the application shall be either accepted or rejected.

''(c) SUBMISSION TO CONGRESS.—The Administrator shall submit a copy of the comprehensive plan to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Armed Services of the House of Representatives within 180 days after the date of enactment of this Act [Jan. 28, 2008].

''(d) DEFINITIONS.—In this section:

''(1) TRADITIONAL APPLICATION.—The term 'traditional application' means an application for a loan, guarantee, or commitment to guarantee submitted pursuant to chapter 537 of title 46, United States Code, that involves a market, technology, and financial structure of a type that has proven successful in previous applications and does not present an unreasonable risk to the United States, as determined by the Administrator of the Maritime Administration.

''(2) NONTRADITIONAL APPLICATION.—The term 'nontraditional application' means an application for a loan, guarantee, or commitment to guarantee submitted pursuant to chapter 537 of title 46, United States Code, that is not a traditional application, as determined by the Administrator of the Maritime Administration.''

§ 53704. Funding limits

(a) GENERAL LIMITATIONS.—The total unpaid principal amount of obligations guaranteed under this chapter and outstanding at one time may not exceed $12,000,000,000. Of that amount—

(1) $850,000,000 shall be limited to obligations related to fishing vessels and fishery facilities; and

(2) $3,000,000,000 shall be limited to obligations related to eligible export vessels.

(b) ADDITIONAL LIMITATIONS.—Additional limitations may not be imposed on new commitments to guarantee loans for any fiscal year, except in amounts established in advance by annual authorization laws. A vessel eligible for a guarantee under this chapter may not be denied eligibility because of its type.

(c) LIMITS BASED ON RISK FACTORS.—

(1) DEFINITION.—In this subsection, the term ''cost'' has the meaning given that term in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a).

(2) SYSTEM OF RISK CATEGORIES.—The Secretary or Administrator shall—

(A) establish, and update annually, a system of risk categories for obligations guaranteed under this chapter that categorizes the relative risk of guarantees based on the risk factors set forth in paragraph (4);

(B) determine annually for each risk category a subsidy rate equivalent to the cost of obligations in the category, expressed as a percentage of the amount guaranteed for obligations in the category; and

(C) ensure that each risk category is comprised of loans that are relatively homogeneous in cost and share characteristics predictive of defaults and other costs, given the facts known at the time of obligation or commitment, using a risk category system that is based on historical analysis of program data and statistical evidence concerning the likely costs of defaults or other costs that are expected to be associated with the loans in the category.

(3) USE OF SYSTEM.—

(A) PLACING OBLIGATION IN CATEGORY.—Before making a guarantee under this chapter for an obligation, and annually for projects subject to a guarantee, the Secretary or Administrator shall apply the risk factors specified in paragraph (4) to place the obligation in a risk category established under paragraph (2).

(B) REDUCTION OF AVAILABLE AMOUNT.—The Secretary or Administrator shall consider the total amount available to the Secretary or Administrator for making guarantees under this chapter to be reduced by the amount determined by multiplying—

(i) the amount guaranteed under this chapter for an obligation; by

(ii) the subsidy rate for the category in which the obligation is placed under subparagraph (A).

(C) ESTIMATED COST.—The estimated cost to the United States Government of a guarantee under this chapter for an obligation is deemed to be the amount determined under subparagraph (B) for the obligation.

(D) RESTRICTION ON FURTHER GUARANTEES.—The Secretary or Administrator may not guarantee obligations under this chapter after the total amount available to the Secretary or Administrator under appropria-

tions laws for the cost of loan guarantees is considered to be reduced to zero under subparagraph (B).

(4) RISK FACTORS.—The risk factors referred to in this subsection are—

(A) if applicable, the country risk for each eligible export vessel financed or to be financed by an obligation;

(B) the period for which an obligation is guaranteed or to be guaranteed;

(C) the amount of an obligation guaranteed or to be guaranteed in relation to the total cost of the project financed or to be financed by the obligation;

(D) the financial condition of an obligor or applicant for a guarantee;

(E) if applicable, other guarantees related to the project;

(F) if applicable, the projected employment of each vessel or equipment to be financed with an obligation;

(G) if applicable, the projected market that will be served by each vessel or equipment to be financed with an obligation;

(H) the collateral provided for a guarantee for an obligation;

(I) the management and operating experience of an obligor or applicant for a guarantee;

(J) whether a guarantee under this chapter is or will be in effect during the construction period of the project; and

(K) the concentration risk presented by an unduly large percentage of loans outstanding by any one borrower or group of affiliated borrowers.

(Pub. L. 109–304, §8(c), Oct. 6, 2006, 120 Stat. 1604; Pub. L. 109–163, div. C, title XXXV, §3507(a)(1)(C), Jan. 6, 2006, 119 Stat. 3555; Pub. L. 110–181, div. C, title XXXV, §3522(a)(10)(B), (b), Jan. 28, 2008, 122 Stat. 598.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
53704(a)	46 App.:1273(f) (1st sentence).	June 29, 1936, ch. 858, title XI, §1103(f), as added June 23, 1938, ch. 600, §46, 52 Stat. 969; Aug. 15, 1953, ch. 513, §1, 67 Stat. 626; Sept. 3, 1954, ch. 1265, §3, 68 Stat. 1268; June 25, 1956, ch. 438, 70 Stat. 332; Aug. 7, 1956, ch. 1026, §1(a), (c), (d), 70 Stat. 1087; Pub. L. 91–469, §30, Oct. 21, 1970, 84 Stat. 1035; restated Pub. L. 92–507, §3, Oct. 19, 1972, 86 Stat. 910; Pub. L. 93–70, §3, July 10, 1973, 87 Stat. 168; Pub. L. 94–127, §5, Nov. 13, 1975, 89 Stat. 681; Pub. L. 95–298, §5, June 26, 1978, 92 Stat. 340; Pub. L. 96–320, title II, §203(b)(1), Aug. 3, 1980, 94 Stat. 994; Pub. L. 96–561, title II, §220(2), Dec. 22, 1980, 94 Stat. 3292; Pub. L. 97–35, title XVI, §1606(a), (b), Aug. 13, 1981, 95 Stat. 752; Pub. L. 97–424, title IV, §425, Jan. 6, 1983, 96 Stat. 2167; Pub. L. 103–160, title XIII, §1356(2)(A), Nov. 30, 1993, 107 Stat. 1812; Pub. L. 108–136, title XXXV, §3528(b), Nov. 24, 2003, 117 Stat. 1802.
53704(b)	46 App.:1273(f) (2d, last sentences).	

HISTORICAL AND REVISION NOTES—CONTINUED

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
53704(c)	46 App.:1273(h).	June 29, 1936, ch. 858, title XI, §1103(h), as added Pub. L. 104–239, §13(a), Oct. 8, 1996, 110 Stat. 3134; Pub. L. 108–136, title XXXV, §3528(b), Nov. 24, 2003, 117 Stat. 1802.

AMENDMENTS

2008—Pub. L. 110–181, §3522(b), repealed Pub. L. 109–163, §3507(a)(1)(C). See 2006 Amendment note below.

Subsec. (c). Pub. L. 110–181, §3522(a)(10)(B), incorporated the substance of the amendment by Pub. L. 109–163, §3507(a)(1)(C), into this section by inserting ''or Administrator'' after ''Secretary'' wherever appearing. See 2006 Amendment note below and section 18(a) of Pub. L. 109–304, set out as a Legislative Purpose and Construction note preceding section 101 of this title.

2006—Pub. L. 109–163, §3507(a)(1)(C), which directed the amendment of section 1273(h) of the former Appendix to this title from which subsec. (c) of this section was derived, was repealed by Pub. L. 110–181, §3522(b). See 2008 Amendment note for subsec. (c) and Historical and Revision notes above.

§ 53705. Pledge of United States Government

(a) FULL FAITH AND CREDIT.—The full faith and credit of the United States Government is pledged to the payment of a guarantee made under this chapter, for both principal and interest, including interest (as may be provided for in the guarantee) accruing between the date of default under a guaranteed obligation and the date of payment in full of the guarantee.

(b) INCONTESTABILITY.—A guarantee or commitment to guarantee made under this chapter is conclusive evidence of the eligibility of the obligation for the guarantee. The validity of a guarantee or commitment to guarantee made under this chapter is incontestable.

(Pub. L. 109–304, §8(c), Oct. 6, 2006, 120 Stat. 1606; Pub. L. 109–163, div. C, title XXXV, §3507(a)(1)(C), Jan. 6, 2006, 119 Stat. 3555; Pub. L. 110–181, div. C, title XXXV, §3522(b), Jan. 28, 2008, 122 Stat. 598.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
53705(a)	46 App.:1273(d).	June 29, 1936, ch. 858, title XI, §1103(d), (e) (1st sentence), as added June 23, 1938, ch. 600, §46, 52 Stat. 969; Aug. 15, 1953, ch. 513, §1, 67 Stat. 626; Sept. 3, 1954, ch. 1265, §3, 68 Stat. 1268; June 25, 1956, ch. 438, 70 Stat. 332; Aug. 7, 1956, ch. 1026, §1(a), (c), (d), 70 Stat. 1087; Pub. L. 91–469, §30, Oct. 21, 1970, 84 Stat. 1035; restated Pub. L. 92–507, §3, Oct. 19, 1972, 86 Stat. 910; Pub. L. 97–31, §12(136), Aug. 6, 1981, 95 Stat. 166; Pub. L. 98–595, §1(1), Oct. 30, 1984, 98 Stat. 3130.
53705(b)	46 App.:1273(e) (1st sentence).	

AMENDMENTS

2008—Pub. L. 110–181 repealed Pub. L. 109–163, §3507(a)(1)(C). See 2006 Amendment note below.

2006—Pub. L. 109–163, §3507(a)(1)(C), which directed the amendment of section 1273(e) of the former Appendix to this title from which this section was derived in part by striking ''Secretary'' each place it appears and