

**The SBA Offers 61 reasons to say No to a loan. The State of Louisiana knows only one word and that is DENIED.**



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Contractors hired to train CDBG-DR state employees for HUD are not aware of SBA policy which allows misinformation to spread. The worse enemy of a disaster victim is a poorly trained Office of Community Development Disaster Recovery Unit.

You may think your training is accurate and in the best interests of your state but we the victims of disasters can tell you first hand your training doesn't cover our recovery, it covers only your ability to deny a grant for what you believe to be true.

We have been DENIED, Mr and Mrs. Wallace Aultman of Louisiana has been DENIED. All because of a APPROVED loan from the SBA.

Why did the State of Louisiana Office of Community Development deny low income and moderate income households HUD Grants to rebuild after the flood?

They were denied based on one fact and one fact along.

The Data Feed established to share information to prevent the duplication of benefits between the SBA and HUD has serious issues. It can not display the word "Declined" or "Cancelled" or any of the 61 different ways to cancel and withdraw from an SBA Loan.

The Data Feed the SBA offers to other federal agencies reports only if the homeowner was Approved if they scored good on any single check or Declined if their were adverse financial, tax, child support or felony issues.

That's it, you have either been Approved or Declined you can never be "Cancelled" and only "Withdrawn" if you never sent your closing papers back in.

So what happens when you return your closing papers to the SBA and then the day your closing papers are processed you call to cancel? The SBA cancels your loan and tells you that if you want to be reconsidered for

a loan you will have to reapply. They also show they will do the next Duplication of Benefits check at that time. They will be responsible for checking to see if they offer you an SBA loan will that be a duplication of benefits.

This wasn't in the training that the State of Louisiana was presented with July 2016 by CFI International. It wasn't noted that a low income family may actually be approved by their collateral if the home was inherited or given to them. It wasn't noted in the training that when SBA cancels a loan they will repeat all the Stafford Act processes to determine if any DOB issues with the new loan will occur. The training also didn't mention time limits that the SBA follows and will refused to accept a loan application without a congressional act such has the "RISE Act" that President Obama signed for Super Storm Sandy victims to re-apply for additional SBA loans.

When your state workers do not receive the best training possible the people they are attempting to help suffer and those people because they don't know what training the OCD-DRU of Louisiana received point a figure at the state workers and think they are doing this because they want to take the federal grant money and use it for governmental programs and not help the homeowners to which the grants are designed to help.

We see this as an easy fix but it will take the Louisiana Restore Homeowners Assistance Task Force to fix it.

They must vote to allow a homeowner the option of presenting the loan canceled letter to the Restore Program, OCD-DRU and IEM Inc. so they can have the DOB of the SBA loan removed as an impossible recovery source to use and to make the SBA loan unavailable to the homeowner by disaster delivery sequence.

We will be asking that the Louisiana Restore Homeowners Assistance Task Force to accept the SBA Loan Cancellation letter as proof that the homeowner has canceled the loan and has no future loan funds available as assistance to be received has has received related to our 2016 and 2017 disasters. The homeowner will be held to SBA policy as identified in the aforementioned policy exhibits.

SBA has the following policy statement in every letter of cancellation or withdraw and applies this policy to all canceled loans.

"You may request reinstatement of the cancelled loan funds. Your request must:

- 1) Be in writing and made within 6 months from the date of this letter.
- 2) The request must show that SBA's action was in error or provide justification acceptable to SBA to overcome the reason for this action.
- 3) Include a completed, signed and dated (with current date), Request for Transcript of Tax Return, IRS Form 4506-T. The form may be obtained from the SBA Website at [www.sba.gov/content/disaster-loan-paper-applications](http://www.sba.gov/content/disaster-loan-paper-applications) or you may contact our Customer Service Center at 1-800-659-2955."

### **SBA Reinstatement Policy:**

#### **"8.3. REINSTATEMENT OF CANCELLED LOANS**

Borrowers may request reinstatement of all or any portion of a cancelled loan. We cannot reinstate any portion of a partially cancelled loan unless the borrower is current on the payments of their SBA disaster loan, in compliance with all loan conditions, and has a satisfactory payment history.

**A. Method and Deadline for Requesting Reinstatement:** All requests for reinstatement should:

1. Be in writing and be made within 6 months of the date of the cancellation and
2. Provide justification that we should reinstate the funds.

If the loan was cancelled due to a failure to provide necessary documentation the borrower must provide those documents prior to reinstatement. "

Per SBA Policy all applicants will have a DOB check during application, processing and / or closing.

Following the SBA policy on DOB the SBA homeowner that canceled the loan due to debt burden or the inability to repay the loan using actual income to expense reporting practices the SBA will complete a new DOB if the homeowner reapplies for a loan. But, according to SBA policy the SBA will refuse any new loan application from any disaster victim that has been awarded anything lower in the disaster delivery sequence.

#### "4.3. DETERMINATION OF AMOUNT OF PHYSICAL LOAN ELIGIBILITY

Duplication of Benefits (DOB) is duplicate assistance for any part of a loss for which the individual or business has received financial assistance under any other program, from insurance, or from any other source.

You are responsible for preventing DOBs. You must check all disaster loan applications during processing for possible DOBs. Duplication can occur when any agency provides assistance for a loss, which is the primary responsibility of another agency to provide. Generally, each agency should, in turn, offer and be responsible for delivering its program(s) without concern about duplication with a program later in the sequence.

a. The sequence list determines the order in which a program should provide assistance and what other resources it must consider before it does so. When the delivery sequence has been disrupted, the disrupting agency is responsible for rectifying the duplication. Under a Presidential declaration, generally, the delivery sequence is:

- (1) Volunteer agencies emergency assistance programs (ARC, Salvation Army, etc.)
- (2) Insurance (including flood insurance)
- (3) FEMA Home Repair and Replacement
- (4) SBA and Department of Agriculture (Farmers Home Administration) disaster loans
- (5) FEMA Other Needs Assistance (ONA)
- (6) Other federal, state and local government agencies (e.g., Community Development Block Grants (CDBG grants))
- (7) Volunteer agencies' additional assistance programs and
- (8) The Cora Brown Fund (administered by FEMA)."

"

#### APPENDIX 21

##### CANCELLATION CODES

###### Agency Cancellation

- C10. Failure to complete and return all loan closing documents.
- C11. Failure to satisfy all terms and conditions of the loan.
- C12. Adverse change. - IHP referral.
- C13. Adverse change. - Other.
- C14 Subsequent recoveries exceed verified loss.
- C15. RESERVED
- C16. Other reasons. – (Agency Decision)

###### Cancellation at Borrower's Request

- C20. Adequate recovery from other sources.
- C21. Reluctant to incur additional debt.
- C22. Dissatisfied with loan terms and conditions.
- C23. Dissatisfied with insurance requirements.
- C24. Unwilling to pledge collateral.
- C25. RESERVED
- C26. Other reasons. – (Borrower Decision)
- C27. Dissatisfied with loan interest rate (market rate). – (Borrower Decision)"

**FAQ Restore:** "...the entire SBA approved loan amount counts as a duplication of benefits even if an applicant has declined the loan or requested a reduction after SBA approval."

**Memorandum of Understanding (MOU) for Avoiding Duplication of Benefits 7-13-2017**

The SBA Reports via data feed field id loan\_decision the following statuses.

- Loan Decision -loan\_decision
  - Approved (Amounts over \$25,000 require collateral, for \$25,000 only credit and repayment history is required.)
  - Declined (Only SBA can enter "Declined" as a reason and is based on; Credit score, Credit history / repayment history, no collateral, criminal history.)
  - Withdrawn (Did not complete the application.)
  - PPD (Pre-Processing Decisions)
  - Summary Decline
  - In Processing

**APPENDIX B**

U.S. Small Business Administration  
Office of Disaster Assistance  
Menu of Available Disaster Loan Data Fields

NOTE: Due to Privacy Act protections of disaster loan data, SBA may only share information that is relevant to the State, Tribal Nation or local government's decision to issue a grant, loan, or other benefit under its program. The list below includes commonly requested data fields. Please contact SBA if the data field you require is not listed here.

**Application Information**

- SBA Application # -app\_nbr
- Loan type -app\_prd\_product
- Loan type - type
- Application Effective Date -app\_dt (for pre apps default value 01/01/1800)
- Current application status -app\_status\_cd
- Current application sub status -app\_sub\_status\_cd
- FEMA Declaration # - pro\_fema\_nbr\_oda
- DCMS Disaster Number- pro\_nbr
- SBA Declaration # -pro\_sba\_nbr\_oda
- Summary Decline indicator – is\_summary\_decline
- Pre-Processing Decline indicator – is\_preproc\_decline
- Loan Decision -loan\_decision (Approved, Declined, Withdrawn, PPD, Summary Decline or In Processing)
- Date of action -decision\_date
- Total approved amount - loan\_amount
- SBA Loan Number- sba\_loan\_number
- FEMA Control # (FEMA Registration Number) -app\_fema\_regis\_nbr\_oda

Fields populated for home loans, primary applicant

- Last Name - pri\_apl\_last\_name
- First Name - pri\_apl\_first\_name

- Middle Initial - pri\_apl\_middle\_name
- Family Size - pri\_app\_family\_size

Applicant Mailing Address:

- Street - apl\_mailing\_address1
- City - apl\_mailing\_city
- County - apl\_mailing\_county
- State - apl\_mailing\_state
- Zip Code - apl\_mailing\_zip

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