

Contribute

U.S. Small Business Administration has Declined my SBA Disaster Loan - You are the lucky one



Published: 8-4-2018 Revised: 8-5-2018

When you reach out to the SBA Disaster Loan program to have your loan cancelled because you find you can not financially afford the loan at the monthly payment amounts they offered. Living Paycheck to Paycheck is proof SBA loan debt is not an option.

SBA Letter November 2016:

"Dear John Doe and Jane Doe,

We received your request for cancellation for your loan.

We have cancelled your loan in its entirety."

HUD CDBG-DR Grantee Restore Louisiana OCD-DRU did not allow the loan amount to be removed from the Duplication of Benefits even after the loan was cancelled. HUD CDBG-DR State Grantee claims you might go back and take the SBA loan money after you receive HUD CDBG-DR Grants. The Grantees do not ask for Income and Expense reports and neither does the SBA. Both CDBG-DR Grantees and SBA Disaster Loan programs calculate your income to expense based on your Net annual income up to 40% without regard for any current debt other than federally secured loans. SBA also has a policy that states if the borrower has \$51.00 cash at the end of each month they can afford the monthly payments without calculating living expense.

SBA Letter October 2016:

"Dear John Doe and Jane Doe,

We received notification that there has been an adverse change in your financial condition. As a result, your loan has been cancelled in its entirety.

We have referred you to the Federal Emergency Management Agency (FEMA) for possible grant

assistance. FEMA may contact you regarding your eligibility for further disaster assistance. If you have any questions concerning possible grant assistance, contact FEMA at 1-800-525-0321.

This household had an adverse change to their financial status, a death in the household would generate this as well as an injury that would not allow the person to return to work. This household was refused a hardship based on their tax returns prior to the adverse change in finances. The Louisiana OCD-DRU has penalized this family for more than \$50,000 in SBA Disaster assistance that was declined by the SBA and not given to the family.

SBA Letter December 2016:

"Dear John Doe and Jane Doe,

We received additional information that caused SBA to review the terms and conditions of your loan. Based on our review of this information, we modified your loan.

We have cancelled your loan in its entirety.

Our records indicate that we may have an assignment of insurance on your property. In order to have this assignment released, we suggest you submit a copy of this cancellation letter to your insurance company."

HUD CDBG-DR Grantee Restore Louisiana OCD-DRU did not allow this SBA Disaster Loan amount to be removed from the Duplication of Benefits until the Grantees sub-contractor legal department stepped in and determined this household had withdrawn their application and declared a hardship. It was reported that this took months of fighting Louisiana state employees of the OCD-DRU representing HUD Office of Community Development.

SBA Letter October 2016:

"Dear John Doe and Jane Doe,

SBA is pleased to advise you that your loan request has been approved for \$124,000.00 for 30 years at an interest rate of 1.563 percent with monthly payments of \$439.00. This approval is subject to the terms and conditions of the Loan Authorization and Agreement (LA&A) to be forwarded to you under separate cover.

Your SBA Loan may be reduced for any recoveries such as FEMA or insurance funds that may duplicate the SBA Disaster loan. Please notify SBA if you have received additional funds since the time you submitted your loan application or communicated with your SBA loan office."

This letter was from a Louisiana Retired Couple living on \$31,000 per year with an income to expense level of 90%.

The SBA loan was cancelled, the state of Louisiana refused to remove the SBA loan as a duplication of benefits citing that the retired couple may go back and ask for the loan after they are approved HUD CDBG-DR Grant funds.

SBA Letter November 2016:

"Dear John Doe and Jane Doe,

We have received additional information which affects the terms and conditions of your loan. Based on our review of this information, we modified your loan.

Your loan amount has decreased from \$124,000.00 to \$25,000.00.

The payment amount is reduced from \$439.00 to \$436.00 monthly and will begin 5 months from the date of the promissory Note. Your loan maturity has been reduced from 30 year(s) to 5 year(s) and 4 month(s) from the date of the Note."

Our retired couple still has the SBA \$124,000 approved loan amount showing in the public feed that the SBA offers the state of Louisiana Office of Community Development Disaster Recovery Unit. This public record feed from the SBA is part of the process to screen the duplication of benefits a household may have received from another agency. The SBA displays all that applied to the loan program their total approved amount. This feed according to SBA loan processing reports the total maximum loan amount offered and will not be lowered in its amount even if a borrower requests lesser amounts. The SBA continues to help penalize homeowners attempting to recover after the disaster.

The State of Louisiana Office of Community Development Disaster Recovery Unit under the direction of Patrick Forbes, the Governor of the State of Louisiana John Bel Edwards as well as the 22 person Louisiana Restore Task Force that was created as part of the Governors Executive Order JBE 2016-65 understand and are aware of this practice but do nothing with the input from citizens from the State of Louisiana.

It is either gross incompetence by the OCD-DRU to actually call for a freeze of nearly \$683 million which is to serve only those that have accepted the Federal Assistance from the SBA Disaster Loan program, or it's the most hypocritical political move to artificially inflate the total SBA loan program numbers by including nearly 3,800 households that declined the loan more than one year earlier.

Our example letters clearly show that our people that could not afford the loan cancelled the loans before the Restore Louisiana Recovery program was created. It was before the Federal Government allocated HUD funds for the CDBG-DR Grants.

This is not a planned attempt by over 3,000 Louisiana households to receive CDBG-DR Grants. It was never their intentions to decline the SBA loan, accept the CDBG-DR Funds and then reapply for the SBA loan as Mr. Forbes, Director of the State of Louisiana OCD-DRU, claims.

The State of Louisiana and the director of OCD-DRU should be ashamed at making low and moderate income families suffer and have to wait on HUD Guidance or Congressional change to allow them NOT TO BE PENALIZED for being financially responsible to their households by not taking on the serious debt burden the SBA Disaster Loan program offered them.

We all should be ashamed of ourselves for allowing this to happen.

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Original location: <https://www.truckandtools.com/disaster/sba.asp?gdyk=123>

Published: 8-4-2018 Revised: 8-5-2018

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