

## State of Louisiana OCD-DRU adds DOB to Flood Victims Denied SBA Loans because of Adverse Financial conditions



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The State office of Community Development director Patrick Forbes denies flood victims HUD CDBG-DR Funds and adds SBA Loans that the SBA has Declined because of Adverse reasons. State demands Homeowners provide SBA details of the Adverse condition.

When you are **DECLINED** by the **SBA Disaster Loan program** and the SBA refers you back to FEMA for additional grants you can be assured the SBA Disaster Loan Program is going to be worthless to you.

If you didn't get the letter the SBA Disaster Program sent referring you back to FEMA for ONA (Other Needs Assistance) or IA / IHP (Individual Assistance, Individuals and Households Program ) you may have lost out on the only Federal Assistance you would qualify for at the time.

Many homeowners were not properly informed by the SBA for the reason they were Declined the Disaster Loan. And for some the nightmare becomes larger than life itself when confronted more than a year after the loan was declined with a data feed that proved an Approved Loan Status with \$100,000 in SBA Disaster Loans offered and available to the homeowner.

## SBA Disaster Loan Program Declined Letter:

"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."

The State of Louisiana receives SBA loan information from the SBA Data Feed which everyone that has applied to the SBA has some sort of status and number in it. The amount that SBA shares with your state and we know it does with the state of Louisiana is the total highest amount of your approved credit with the SBA. This information should have been in some policy and guidance that the people of Louisiana could read before they were told to apply for the SBA Disaster Loans by FEMA.

What the SBA doesn't do is inform the state when a change is made to your account. The policy of the SBA is to announce what if effectively "Pre-approved" the homeowner for and for many that was simply the collateral in their home or other assets they owned. The SBA Disaster Loan processing center could care less about your HUD CDGB-DR Grants because the SBA is Second, Number 2 in the FEMA disaster sequence of disaster aid deliver. The SBA knows any lower agency such as HUD listed as Other is nothing more than federal money it will collect to apply to those that took the SBA loan. This is why HUD Grantees will never allow you to have a loan if you took one penny of SBA money. They will always refer back to the total the SBA reported and it will be the homeowners responsibility to prove you didn't want the money and you declined. Good luck, we have non stop battles over this issue and it's not easy but we do win for those that couldn't afford the loan in the first place. But still a major group of retirees are still penalized for paying off their mortgages and having collateral or good retirement income and savings. But I'll cover that issue in another post.

The Data FEED would show status = "Approved" Loan\_Amount = "\$100,000" and would never go lower or have the status changed.

The State of Louisiana OCD-DRU applies the total amount found in this data feed to the homeowners account without regard to any additional changes that may have lowered the amount or any findings by the SBA that would cause them to cancel and decline the loan. According to Jeff Haley Director of Homeowner Assistance this SBA loan will not be removed even if it is not correctly reflecting the amount or status of the loan unless the household is a LMI household.

Homeowners above 80% AMI even by 1% will not have their SBA Disaster Loan amount removed even if the SBA Declined to follow through with the loan for any reason. This is the current Louisiana Policy.

Our homeowner was Declined by the SBA and the SBA stated it was for adverse change in the households financial condition. That's it, done, no SBA Disaster Loan, but the State of Louisiana still lists the "Pre-Approved" amount as the actual approved loan amount even after the Homeowner produced the letter from the SBA and the States Office of Community Development Disaster Recovery Unit contacted the SBA and was give the cancellation code reason for why the SBA Declined the loan.

The state of Louisiana Department of Community Development under the direction of Patrick Forbes is required to follow it's policy regarding households Denied SBA Disaster Loans. But they seem to be reading it differently now, they are trying to claim that a family now has to be LMI to have a declined or cancelled loan taken off of the Duplication of Benefits calculation.

This discriminatory practice follows a rule that the state of Louisiana does not have published as part of the

DOB screening. If a household has the ability to seek conventional loans or "Other Assistance" they will be asked or directed to do so. But that typically only applies to those that would easily pass the SBA Disaster Loan screening process. Having Other Assistance available is also how the SBA calculates loan percentages. If a household has very good credit, good income no adverse financial conditions the SBA may determine they pay a higher interest rate than other households.

In the case of our member, the State of Louisiana wants them to demand the SBA write out the full reason to why the SBA Declined them their loan and referred them back to FEMA for additional grants.

The State of Louisiana has a DOB policy and in this policy you will find:

From the office of Jeff Haley, Director of Homeowners Assistance.

"So in short, a homeowner must be LMI (per HUD's standard) AND have a record of declining their SBA loan in order for their approved SBA loan amount for structural repairs to NOT be considered a DOB."

"In addition, hardship rules can be extended to include cases where the applicant is able to provide a letter from SBA which stipulates that, due to a change in the applicant's circumstances (loss of job, death, etc.), the underwriting of the loan and its terms have changed. If SBA had decided to change the terms of the loan, the program would use the new eligible SBA award if they lowered the loan, or remove the DOB in its entirety if it was cancelled in full."

When the SBA sends you a letter that states the SBA had DECLINED you for ADVERSE reasons that is the SBA cancelling your loan and you would then be declared a hardship according to Jeff Haley and his staff.

But what happens when the state just doesn't believe your letter?

- The state will request data from the SBA Data Feed as stated in Page 51 of the Homeowners Guide version 3.1.
- The state will request by phone or email a copy of the cancellation letter.
- The state will request by phone or email the reason the SBA declined and cancelled the loan.

With 3 channels to the SBA and 3 answers to the reason why the SBA declined the homeowner the loan the state of Louisiana is still taking what the SBA first displayed in the data field as correct, current and accurate information.

Jeff Haley of the State of Louisiana OCD-DRU Homeowners Assistance program had Shalindria Thomas one of his staffers reach out to our member and when she did she grilled him as if he was an international criminal and listed on Interpol's most wanted list.

Ms. Shalindria Thomas asked questions similar to the ones listed below which are often used to interrogate HUD CDBG-DR grant recipients when state office of community development feel they are attempting to defraud the state.

- Why did the SBA Decline you a loan?
- Have you had any change in your income?
- Has someone died?
- Have you lost your job?
- Do you know why the SBA declined you?
- Why do you think the SBA Declined your loan and listed Adverse Financial information as the reason?
- Are you behind on child support?
- Are you a convicted felon?

- Are you a terrorist?
- Are you a illegal alien?
- What country were you born in?
- etc.

The state of Louisiana requested the homeowner to contact the SBA Disaster Loan processing people and ask them to detail the reasons why they were Declined a loan.

When the homeowner called the SBA the SBA person informed them that the state of Louisiana office of Community Development - Disaster Recovery Unit had made the same inquiry that morning.

The SBA representative told the homeowner that a cancellation code was sent back to the state and that is all the reason they are going to give the state of Louisiana.

The homeowner asked if he could request details to why the SBA loan was Declined and why they were referred back to FEMA for additional grant options.

The homeowner was advised about the adverse financial condition that the SBA discovered and added that the SBA will not disclose what it found.

The state is still requiring the homeowner have the SBA detail the reason the loan was DECLINED.

The Homeowner is being penalized by the States OCD-DRU for lack of trust in that a Declined SBA loan for Adverse Financial conditions is a loan this homeowner will not see.

Read our other email from another staffer of Jeff Haley that also was declined an SBA loan and it took the legal departments at the State and IEM Inc to correct the issue.

[Nick Speyrer says NO to Low Income Moderate Income households](#) that never executed or closed on the SBA Loan per Jeff Haley's instructions to deny homeowners that had SBA loan amounts shared in a data feed that were not executed.

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