

SBA Disaster Loan Program explained by disaster victims



Published: 9-20-2018 Revised: 9-20-2018

Do Not Allow Disaster Stress to cloud your logical thinking and rational thought processes. The SBA will key in on your suffering and make the SBA Disaster Loan sound like a Government Gift Basket.

Like you we also flooded, had hurricanes and have been offered federal assistance in the past and each time it's something different. Less trust, more policies, more denied applications, more politics to make disaster recovery nearly impossible. This is why we are sharing our "school of hard knocks" learning with every disaster victim and every homeowner we can reach out to.

Our Floods in 2016 are not the same as your flooding from Hurricane Florence, it's your flood, your homes, your lives, your future, your neighborhoods, your friends, your families, your disaster and your recovery. All we can do here in Louisiana is try to help you in person with with our "boots on the ground" volunteer groups as you helped us back in 2016 and we thank you again, all of you.

We can also help by sharing 2 years of experience with the recovery process that you will soon be facing first hand. We'll leave the emotions out, so you can see just the facts and read the policies that you need to know about.

First, **SAY NO TO THE SBA DISASTER LOAN.**

We want you to do nothing with SBA Loans for now, we want you to plan and stage your financial recovery

and your financial future and that means for now we do not include the SBA Disaster Loans.

Side Note: The only thing you should be doing while you are at a shelter waiting on news to when you can return to your home is filing for a FEMA Account number and reviewing the Grant offers they are going to present to you. The IA and IHP grants are all safe if you understand what they are to be used for. Homeowners are encouraged to read our [FEMA IHP Grants pages](#). The IHP grant will be given to homeowners to make "**Home Repairs**" which you need to understand 100% what FEMA and later HUD mean by "Home Repairs". Keep in mind that FEMA is all about the present, the short term recovery. While HUD is long term and FEMA grants if not used correctly will end up costing you more in lost or reduced grants from other programs like the HUD CDBG-DR grant program. Read our experience with [FEMA IHP Home Repair grants](#).

You should not apply for an SBA Disaster Loan just because FEMA used a stick and carrot approach and mentioned things like ONA Grants if you are declined by the SBA. It's not FEMA policy to force you to apply for the SBA Disaster Loan, but what we found was FEMA employees will tell you all about Other Needs Assistance Grants that can be used for Clothing, Vehicles, and Contents that you lost to the flooding. They will tell you that you must apply for the SBA Disaster Loan first, then, if you are "**Declined**" or "**Denied**" the loan you will be referred back to FEMA for additional grants. The referral has to be processed by the SBA and they have a track record of not doing that.

Out of the thousands here in Louisiana, that heard this same story received nothing from FEMA other than a low ball amount of IHP or if they really fought and appealed could have increased the IA grant money which they would have received even if they didn't apply for the SBA Loan.

80% AMI or below: (Low to Moderate income households)

Your income is very important at this stage of your disaster planning and recovery. You must identify if you fall into the Low to Moderate income range. It may amaze many of you and actually be one of the best things to be group as a LMI household. The Long Term Recovery plans offered by HUD CDBG-DR Grant programs are designed with you in mind. The SBA is not something you need and should not be someone you are thinking of applying for. When I say don't apply, that means do not complete an application. Do not even talk with them would be best. Once you have your FEMA Account ID, work on getting your IA and IHP grants and start your recovery with Grants and not Loans.

If you are below 80% AMI we strongly suggest that you **DO NOT APPLY** to the SBA Disaster Loan program. You can check your income levels for **HUD CDBG AMI %** [North Carolina](#) and [South Carolina](#) from a page we created for you all. **HUD CDBG AMI Percentage Limits**.

Be sure your FEMA Damage Assessment is more than \$8,000 and you qualify for major or severe damage, get your FEMA IHP Home Repairs grant and follow our [guidance on how to spend the IHP Grant money](#). Then when HUD CDBG-DR programs start in about 3 to 6 months for sign up depending on how your state manages disasters you will be set for a perfectly planned recovery. The only variables are going to be created by your state leaders and your office of community development. Everything else is federal policy.

80% to 120% AMI:

For those in the 80% to 120% AMI range, you will be offered HUD CDBG-DR grants down the road as well. Your income group will be allowed into the program by your states program director as soon as they start providing HUD with their goals and action plans. Keep in touch with your local state representatives and local government if they are acting on behalf of the state. You are advised and strongly advised to only take private loans if you need a loan.

If you need money, take small loan amounts from traditional lenders and not the SBA. Do not focus on major loans but also do not max out credit cards that are going to climb to over 25% in interest rates. Try to keep your debt burden as low as possible until you get into the HUD long term recovery program.

We have a spreadsheet "[Living on Percentages](#)" for you to use and calculate if a private loan is even possible. Do not be ashamed to live in a tent, camper, RV or trailer for a year or two or three if it's going to save you 10's of thousands of dollars. Once you have your home gutted and cleaned and you are drying the out the structure you have time to review your financial status. Again, download our "[Living on Percentages](#)" spreadsheet so you can see just where you are monthly.

Speaking for myself as a homeowner I do not recommend you increase your household debt burden above 70% if at all possible. If you do, the increase has to be limited in time and that's weeks or months NOT Years.

We know if a disaster loan adds 30% to your current debt you could risk defaulting which is what we want to avoid completely. We do not want you to be part of the SBA Default loan statistics that has been increasing since 2012. Keep away from the SBA Loan and force yourself and your household to start living within the percentages and focus on cutting expenses to make your recovery process something realistic.

In short, 80% to 120% AMI households DO NOT APPLY for the SBA Loan. Use other resources, private lenders or borrow from family. SBA loans are counted as a duplication of benefits and will disqualify you from HUD CDBG-DR grants that do not have to be repaid. Your SBA Loan will have to be repaid 100%, there is no such thing as a SBA Forgive Loan for Homeowners that only applies to businesses. Also, there is no SBA Fix in Congress that is going to allow HUD grants to pay off your SBA Loans. You can ask President Trump today while he is in state if he plans on signing you all a waiver to have HUD grants used to pay off SBA Loans. I'm sure he will just smile at you. Anyone that tells you differently about the SBA and HUD Grants is still living in the 2005 Katrina Era and hasn't read anything since 2010 regarding Policy changes with HUD, FEMA and SBA.

Over 120% AMI:

Those of you that are over 120% AMI should seek other assistance or as FEMA calls it, "**Assistance Elsewhere**". Your SBA Loan will be Market Value Interest rates and will count as a duplication of benefits against you if your state opens the HUD CDGB-DR to all income ranges like they did here in Louisiana. This means if you use private lenders, banks, credit unions, your savings you may actually see your state community development for long term recovery announce 100% reimbursement for all those that used private funding to rebuild. Basically if you have the credit, cash, resources to avoid the SBA you could actually break even if you follow our guide and our price lists we have made available to everyone listed in our resource section below.

Resource List:

- [Living on Percentages Spreadsheet .xlsx](#)
- [AMI % HUD CDBG for Grants from HUD](#) early by income groups low to high.
- [Country wide: 2018 AMI % Spreadsheet](#)
- 80% AMI National list PDF
- 80% AMI online versions for [North Carolina](#) and [South Carolina](#)
- [FEMA IHP Grants what to spend the money on.](#)
- [Restore LA Program Info Exchange](#) (Facebook.Com Group)
- [Read what a 35 year retired OCD director has to say about the SBA Disaster Loans for Homeowners](#)
- Structural component list with economical pricing May 2017 HUD CDBG-DR Grants award long term recovery goal when available. [Material Labor Estimate ListLABRSX MAY17RLA1.xlsx](#)

Copy provided by TruckAndTools.Com developed by Murray Wennerlund.

Email help@truckandtools.com for additional information.

Copyright © 2019 TruckAndTools.Com All Rights Reserved.

Original location: <https://www.truckandtools.com/disaster/sba.asp?gdyk=152>

Published: 9-20-2018 Revised: 9-20-2018

Contribute

**TRUCK AND
TOOLS .COM**

TruckAndTools.Com