

## DENIED BY TASK FORCE And OCD-DRU Director Homeowner Declined or Canceled SBA Disaster Assistance



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Its difficult enough recovering from a disaster, but even more difficult when the execute order to establish a task force does not have provisions that the task for research and discuss public input. Denied citizen solutions without discussion.

**Louisiana Office of Community Development - Disaster Recovery Unit (OCD-DRU) declined to address and discuss with HUD directors the citizens solution to a serious HUD and SBA issues.**

**LMI Homeowners Experience / Opinion: 10-17-2018**

Since all the "SBA Fix" hype has settled down a little I can share again with HUD and the state OCD-DRU officials that are pushing the SBA Fix as a Payoff instead of what this proposal offered as a solution to remove the "Available Federal Assistance" amount of the loan. In simple terms, DOB applied to only money drawn and if no money has been accepted even if the loan was signed and closed then a canceled loan should be a canceled loan and not count against the homeowner. Currently LMI homeowners that refused the money but signed the closing documents are penalized the total amount of the loan. There is no provision to have that removed even after 2 years from the cancellation of the loan. Other issues like the one that effected a Moderate Income family was they refused the loan and didn't close on the loan. But the SBA reporting

process listed them as having an Approved SBA loan. The Sept. 2013 Guidance clearly states that if the homeowner didn't execute the loan it is not to be counted against them if they are LMI. In this case the SBA reported to the state of Louisiana the total "Approved" amount without the status being reviewed. It took months to finally find someone at the state of Louisiana OCD-DRU office to look closely and apply the Sept. 2013 guidance. This only happened because the homeowner was not giving up and knew about the guidance. The State of Louisiana OCD-DRU has no method of review, no quality review of SBA reported data from the SBA Data feed that is provided to the state. In the case of the LMI homeowner the homeowner was listed as Withdrawn from the program but the state only looked at the approved amount of the loan and applied that amount as a DOB against the homeowner. This one homeowner was corrected July 2018. Years after the program started we still find homeowners penalized by the lack of review processes by the State of Louisiana and the Office of Community Development - Disaster Recovery Unit under the control of Director Patrick Forbes.

It is our experience learned from being a victim of the DOB Penalized by the OCD-DRU for being awarded money from SBA but declining to execute the loan. Being LMI and in a HUD Opportunity Zone with a home in a SFHA we should have simply given up on the whole recovery process at the time the state told us we had to repay over \$85,000 to be awarded a \$35,000 grant. The idea we the homeowner had to fight for months to have the state of Louisiana OCD-DRU correct their mistake is wrong. We need to have disaster recovery process that help people and not hinder their recovery. This family living in a camper since August 13, 2016 and still living in the same camper has to give updates to the city on the progress of our repairs. We have to be humble asking for a temporary housing permit every 90 days. We are looked down at and talked to like we are the cause of our situation. It's hard enough being a disaster victim but to be forced to fight for every penny that a homeowner qualifies for makes us feel the recovery processes are all about profits to companies most of us have never heard of before the disaster.

We are not allowed to communicate with the Task Force other than via an anonymous email account provided by the state that does not acknowledge receipt of your submission. Calling a call center employee that knows only two things, Transfer and Account number Please.

Disaster Reform starts at the homeowners front door not in Washington D.C. We the homeowners of the Great Floods of 2016 will remind everyone that becomes a victim of a disaster to listen to our stories, read our issues and understand what we have had to do to get this far. We are going to remain victims of a disaster until we are fully recovered to pre-disaster state, then we will be called "Disaster Survivors" and until that time, we will express our concerns of local management, public agencies and contractors hired to assist disaster victims.

**DENIED BY STATE DIRECTOR OF OCD-DRU AND CONFIRMED BY ALL LOUISIANA TASK FORCE MEMBERS.**

Public Law is not the solution based on the answer to a proposed solution for thousands of homeowners without SBA Loan money. Even those that want the money were refused assistance by the state director of OCD-DRU. Retirees with only \$26,000 but impossible to repair monthly loan amounts offered by the SBA ask for HUD assistance but denied before HUD is even told about our Low income families approved by the SBA for loans with payments of \$436 per month. Our homeowners cash in hand each month is \$181 and Director Patrick Forbes was sent all the information and asked for assistance. That was over one month ago and today our low income retired couple that can not afford to repay the monthly payments the SBA offered is denied by Restore Louisiana for having an SBA loan available to them.

FROM: Director Patrick Forbes and CC'd to all task force members listed in the resource section of this page.

Mr. Wennerlund,

Thank you for reaching out to the Restore Louisiana Task Force with both information and

recommendations. As you know, the Governor and the Congressional delegation agree with your interpretation and have been working to correct this consideration of the SBA loans as a duplication of benefits. Unfortunately, we have, as yet, not received what we are looking for. Namely, either guidance from HUD clarifying that funds not drawn by an applicant do not count as DOB, or passage of federal legislation prohibiting federal agencies from counting loans as DOB. Until we get either of those, we are compelled by our obligation to spend the funds in compliance with HUD and other federal guidance. To not do so would put all the funds spent non-compliantly at risk of federal recapture.

The important distinction in this debate between the state and HUD is about the word "declined." HUD has so far insisted that "declined" means the homeowner never closed on the loan. We contend, like you, that "declined" means the funds were never drawn, regardless of whether the loan closed or not. Unfortunately, we must follow HUD's directions until they either change their interpretation, as requested by the Governor in April or Congress passes the necessary legislation and the President signs it into law.

I mentioned above a letter from the Governor to the HUD Secretary about this matter. HUD's response to this letter references HUD's guidance of July 25, 2013 guidance. At this time, this guidance represents the rules we must follow. We are eager to assist those who have been approved for SBA loans and, as you've pointed out, have the funds available to do so. We are in complete agreement about the need to correct this issue, but it is not accurate to say that it is within our authority, under the current guidance, to provide funds to those who have been approved for an SBA loan and closed on that loan, regardless of whether they have drawn the funds or not. In short, changing our policy on SBA DOB requires a definitive change in directions from our funders in Washington, D.C.

We'd be glad to sit down with you and go over all these documents and correspondence if you like. And again, I thank you for your advocacy on this matter and look forward to being able to tell you soon that we've received the guidance we seek and are able to proceed with program policy changes.

Sincerely,

Pat Forbes

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Citizens Proposal to sent to HUD Washington D.C. on behalf of Low to Moderate Income families that refused the SBA loan by canceling or declining the assistance.

**Title:** Homeowner Declined or Canceled SBA Disaster Assistance

**Summary:** Allow Public Law 115-123 to be used as guidance when calculating the duplication of benefits during the DOB screening process. Public law 115-123 protects the homeowners against being penalized for declining the SBA loan amount offered and from being denied additional federal assistance because of the SBA loan being counted as a duplication of benefits. This policy amendment will assist nearly 3,800 households that have declined the SBA Disaster loan.

**Background:** In a press release February 8, 2018: Governor John Bel Edwards acknowledged that Senator Kennedy cosponsored a SBA solution with Senator Marco Rubio adding "...that would relieve only 3,800 Louisianans of the DOB penalty..."

In an email from Gov. Edwards to Senator Kennedy February 8, 2018: "Unfortunately, you lent your support to a bill that only helps approximately one-third of the Louisianans the House language helps."

Governor Edwards is referring once again to the estimated 3,800 Louisiana homeowners that declined to accept assistance from the SBA by canceling their loans and not drawing any funds.

H.R. 1892 Bipartisan Budget Act of 2018 was signed into law February 9, 2018 by the President of the

United States of America, Public Law 115-123 was on the books and published in HUD's CDBG-DR Laws, Regulations, and Federal Register Notices page under event notices 2017.

**Public Law:** Feb. 9, 2018 "That with respect to any such duplication of benefits, the Secretary and any grantee under this section shall not take into consideration or reduce the amount provided to any applicant for assistance from the grantee where such applicant applied for and was approved, but declined assistance related to such major declared disasters that occurred in 2014, 2015, 2016, and 2017 from the Small Business Administration under section 7(b) of the Small Business Act (15 U.S.C. 636(b)):"

**Policy Change:** Remove the reported SBA Disaster loan amount from the OCD-DRU Duplication of Benefits calculation when the homeowner provides proof that they have declined or canceled assistance from the SBA Disaster loan program.

**Policy Benefits to Homeowners:** It is estimated that 3,800 homeowners would benefit from this adoption of public law 115-123. This policy would save homeowners an estimated total of \$168,970,800 out of pocket savings, pensions, retirement funds, school savings, etc.

**Policy Checksum Methodology:** The SBA will issue cancellation codes that will confirm the loan was canceled by either the SBA or the Homeowner.

**Policy Budget change summary:** Currently we have \$682 million available for SBA solutions. At an average cost of \$44,466 per household for 3,800 households we estimate \$168,970,800 to complete this group of SBA households which will leave an estimated 11,200 households with \$498,019,200 of additional federal assistance for unmet needs.

**HUD Notice:** This is not a substantial change and does not need a public comment period. This policy does not change allocated funds in the Homeowners Program which it will use.

**Information:** HUD will not allow the public contact them about a state managed program. The grantee in Louisiana is the OCD-DRU under the direction of Patrick Forbes. He was put in charge of the recovery of the state and the management of the Homeowners recovery money. The SBA issue has been a major issue for all. But what's worse is having an SBA Loan approved for \$100,000 and not being able to take it or not wanting it. The State under the Guidance of HUD Guidance Nov. 16, 2011 claims and you will see in the email below that if a homeowner accepted the loan by executing the closing documents but then canceled the loan the full loan amount will still reflect that they have received the federal assistance.

The Case we used to point out that this policy only applies to those that actually can afford the monthly payments to the SBA. When the SBA made an loan offer to a homeowner of \$124,000 payable over 30 years at \$439 per month the homeowner, a retired couple that own their own home only had \$181 cash on hand after all monthly expenses. They reapplied for a lower loan amount and requested a lower payment amount. The SBA offered \$25,000 at 4 years 5 months for \$436 per month. This is clearly impossible to repair on the monthly income of our retired couple. This was brought to the attention of the Task Force and the Director of the state of Louisiana Disaster Recovery Unit Patrick Forbes. He has had time enough to contract our retired couple that have spent every dime they had saved for retirement in their recovery and still need nearly \$26,000 which the SBA is unrealistic and HUD Grantee controlled by Governor Edwards refuses to allow HUD to cover the additional unmet needs of this over 65 retired fixed income moderate income household. What will it take to rebuild in Louisiana. It appears it's an Act of Congress and Guidance from HUD for thousands in Louisiana. Waiting for HUD to offer Guidance to waive the SBA as a duplication of benefits from homeowners isn't looking very strong. When asked about those that did not or could not afford the loan and had the loan placed on their accounts as a duplication of benefits Patrick Forbes responded that we have to wait for Guidance from HUD. We know that the state did not send an updated HUD Guidance request related to the Citizens Proposal, it would have come with 3,800 public comments in support of the proposal.

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**Resources:**

- [Governor Edwards April 2018 Letter to HUD:](#)
- Task Force members and their assistance informed about the OCD-DRU decision to not attempt to present this public solution to HUD.
- Adam Knapp: President and CEO, Baton Rouge Area Chamber (Task Force)
- Dr. Mike Strain: Commissioner Department of Agriculture & Forestry (Former) (Task Force)
- Darryl Gissel: Owner, Oak Real Estate LLC (Task Force)
- Don Pierson: Secretary, Louisiana Economic Development (Task Force)
- Dr. James Richardson: State Economist (Task Force)
- Dr. Shawn Wilson: Secretary, Louisiana Department of Transportation & Development (Task Force)
- Jacqui Vines Wyatt: Retired Executive, Cox Communications (Task Force)
- Jimmy Durbin: Former Mayor, City of Denham Springs (Task Force)
- John Gallagher: Executive Director, Louisiana Municipal Association (Task Force)
- Johnny Bradberry: Executive Assistant to the Governor for Coastal Affairs, Coastal Protection & Restoration Authority Board Chairman (Task Force)
- Mayor Dave Norris: Mayor, City of West Monroe (Task Force)
- Mayor Ollie Tyler: Mayor, City of Shreveport (Task Force)
- Joel Robideaux: Mayor-President: Lafayette Consolidated Government (Task Force)
- Michael Faulk: Superintendent, Central Community School System (Task Force)
- Michael Olivier: CECd, CEO, Louisiana Committee of 100 for Economic Development, Inc. (Task Force)
- Randy Clouatre: Maintenance Manager, Renewal Energy Group and Ascension Parish Council Chairman (Task Force)
- Edward "Ted" James: State Representative, District 101 (Task Force)
- J. Rogers Pope: State Representative, District 71 (Task Force)
- Robert E. Shadoin: State Representative, District 12 (Task Force)
- Roland Dartez: Executive Director of the Police Jury Association of Louisiana (Task Force)
- Sean Reilly: CEO, Lamar Advertising (Task Force)
- Dan W. "Blade" Morrish: State Senator, District 25 (Task Force)
- Aimee Richard: Secretary Education Committee (NON Task Force Member)
- Arlene Adger: City of Shreveport Mayor's Office Title: Chief Executive Assistant to the Mayor-President (Task Force)
- Barbara Marrable: Legislative Aide to State Rep. Robert E. Shadoin (Task Force)
- Becky Perret: Lafayette Consolidated Government Executive assistant to Mayor-President (Task Force)
- Cami Barlow: LMA Executive Assistant/Office Administrator (NON Task Force)
- Enger Kinchen: Executive Assistant, Executive Assistant to the Governor for Coastal Activities Johnny Bradberry (Task Force)
- Jane Lambert: Executive Assistant, Executive Director of the Police Jury Association of Louisiana (Task Force)
- Jayne Norton: West Monroe City Offices? no data source found to identify department. westmonroe.la.gov
- Julie Simms: Executive Assistant to Michael Olivier, CECd, CEO, Louisiana Committee of 100 for Economic Development, Inc. (Task Force)
- Karen Brown: Executive Assistant to Adam Knapp the President & CEO and Database Manager of Baton Rouge Area Chamber brac.org
- Karen White: Executive Counsel for Louisiana Municipal Association lma.org
- Kimberly LaMotte: Senior Legislative Assistant Louisiana House of Representatives Edward "Ted" James: State Representative, District 101 (Task Force)

- Michel Zambo: Executive Assistant - Lamar Advertising Company for Sean Reilly: CEO, Lamar Advertising (Task Force)
- Norma Jarreau: Secretary to the CAO, Chief Administrative Officer Darryl Gissel Fire, Police, Finance, External Consultants reports to Mayor-President Broome (Task Force)
- Nancy Collie: ??? Campaign Worker Ruston 2011 Rep. Shadoin Dist. 12 ???
- Paine Gowen: ??? la.gov
- Rhea Victorian: Executive Secretary for Dr. Shawn Wilson: Secretary, Louisiana Department of Transportation & Development (Task Force)
- Rhonda Byrd: listed contact name on Rep Pope email rpope@legis.la.gov
- Sabrina Sentino: Executive Assistant for LA Department of Agriculture & Forestry
- Susan Wassan: Executive Assistant To Chief Executive Officer at Lamar Advertising Company

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