

How CDBG DR policy and SBA Loans as Duplication of Benefits DOB all started 2011

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Grantees should also identify reasonably anticipated assistance, such as future insurance claims or approved SBA loan proceeds. Reasonably anticipated funds include assistance that has been awarded, but has not yet been received. For example, assume a business was approved to receive an SBA loan for \$30,000, but had only received \$20,000 when it applied for CDBG disaster recovery assistance for the same purpose. **The grantee should identify the full amount of assistance for which the applicant was approved (\$30,000).**

Note: HUD has clarified the wording for Grantees since 2011, in 2013 a letter went to Sandy CDBG-DR people clearly stating if the SBA Loan was declined it was not to be counted if the reason was good. But the new wording in our new law will be better, it doesn't allow the OCD-DR people to interpret anything, you declined, it's not DOB.

Within the 71062 Federal Register you'll find.

Snipped from Federal Registry

B. Treatment of SBA Loans. CDBG disaster recovery funds should not be used to pay down an SBA home or business loan. In cases where initial SBA loan amounts approved based on estimated costs are later determined to be inadequate relative to the actual costs to complete home repairs or reconstruction, the SBA will consider re-evaluating an applicant's maximum eligibility to explore if additional assistance may be provided. This also applies to recipients of SBA business loans (including loans for working capital). **If need remains after all SBA eligibility has been exhausted, supplemental disaster recovery CDBG funds may be used to address that need.**

What you will need to do is go back to the SBA loan you accepted and request additional money as a loan to complete your repairs. If you had to take a person loan or a private loan which are not DOB you can use the

lower interest loan to pay off any non DOB loans from my understanding of the rule.

If at that point your SBA Loans do not cover all of your reconstruction / rebuild costs you then can ask for CDBG funds as stated in part B.

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