

Low to Moderate Income disaster victims with good credit are denied HUD CDBG-DR Grant funds



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Grantee OCD-DRU Louisiana has adapted a new policy to deny Low and Moderate income households from claiming a financial hardship do to having good credit and the ability to receive a Federal Secured SBA loan.

Grantee OCD-DRU Louisiana has adapted a new policy to deny Low and Moderate income households from claiming a financial hardship because they have good credit and the ability to receive a Federal Secured SBA loan.

The policy is published in the State of Louisiana Office of Community Development Disaster Recovery Unit Administrative Manual here.

HUD offers guidance under the duplication of benefits rule for those homeowners that have been "Approved" by the SBA for a Federally Secured Loan but the homeowner has "Declined" the SBA Loan offer.

The OCD-DRU of Louisiana operating under the name of Restore LA (restore.la.gov) has imposed a qualification rule that is not published to the public but appears to be based on the homeowners credit worthiness and not the households total income.

We have examples of retirees earning less than \$38,000 per year but approved by the SBA being declined a financial hardship.

Households that have reported they were declined the SBA and under the same income levels were approved.

This we feel is a matter that needs to be reviewed as discrimination in that select households are held to different standards than others when related to Low to Moderate Income households.

HUD CDBG-DR guidance makes no reference to credit ratings or credit worthiness. HUD CDBG-DR makes only total household income references.

>>>> Group Post <<<<<

If this describes you, message me.

"Low to Moderate Income disaster victims with good credit are denied HUD CDBG-DR Grant funds"

Issue: ...

Homeowners seeking "Hardship" grants that meet AMI 80% income levels and have good credit may be a victim of discrimination.

Summary:

Credit worthiness can not be calculated as a form of income or used to offset an income. Your AMI 80% or less with Approved SBA Loan amounts does not declare you as having a 0% hardship case simply based on your ability to repay the added debt from SBA.

It appears Restore is calculating the "Ability" to repay a SBA loan as the ability to repair without CDBG-DR Grant funds.

Restore has not conducted a financial hardship study based on the fact Restore has only income and credit report information and no actual expenses and debt information for the household.

What you will need to prove you match the issue.

1. Tax year 2015, 2016 Gross household total income (not individual taxes or incomes)

2. Credit Score if known.
3. Denied hardship appeal by the OCD-DRU (Restore)
4. Your SBA Loan approval letter.
5. 3 months expense report. (Use the [living on percentages.xlsx](#) I updated.)

Resources:

1. [CDBG-DR Laws Regulations and Federal Notices](#)
2. [OCD-DRU Louisiana Administrative Manual version 3.8](#)
3. [OCD-DRU Administrative Manual Exhibit 2-5 DOB Policy](#)
4. [OCD-DRU Louisiana Duplication of Benefits - Division of Administration](#)
5. [2018 HUD Median Income 80% by Parish](#)

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