

## 3800 homeowners refused HUD assistance by the State of Louisiana Office of Community Development



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Louisiana Homeowners are saying "This Bayou Stinks of Swamp Politics". When you mention anything about the SBA Loan that 3,800 Louisiana Homeowners Declined. All we hear is State Reps, agencies and the governor muttering swamp talk politics.

Sharing a true story from a Louisiana Flood Victim August 13, 2016 FEMA-DR-4277.

*7-1-2018: Before you dive into this story which is 100% true I want to tell you that our 6-26-2018 campaign to get someone to notice the issues with our Restore account paid off.*

*The same day this page was published Ms. Clara's account corrections were made.*

*Was it the 3 posts on Social Media or was it this post showing just how the facts. We may never know, but the facts are now Ms. Clara is able to repair the home, not as it was mind you, that would cost more than the whole package was worth. But livable and only in about half of the home based on the recovery funds offered. Their is no real 100% recovery plan, you will always lose something of value in each and every disaster that isn't going to be replaced by money awarded by insurance or grants.*

*Published on Behalf of Ms. Clara.*

Ms. Clara received her [Louisiana Restore.LA.Gov](#) (ReLa) Grant Award Notice this week June 26, 2018. It was mailed from the Restore Louisiana Homeowner Assistance location 10000 Celtic Dr. Oak Tree Building Baton Rouge, LA 70809 and was dated June 29, 2018.

This would allow Ms. Clara 30 days from June 29, 2018 to [appeal the RLHAP \(Restore Louisiana Homeowner Assistance Program\) grant award](#) if it seemed questionable to Ms. Clara.

- It's important to understand the rules of the Appeals Process from Restore.LA.Gov. Their website does not clearly identify everything you will need to know. It simply directs you to the online form so

you can type in your appeal. This should not be done this way in our opinion and with our knowledge of the appeal process learned by the experience of countless others. You should follow the links below to read all available documents published by Restore. Then, if you have questions, contact your case worker for guidance with the appeal you are writing. Be sure all supporting documents are uploaded and label them as Exhibits to your appeal. Example: Exhibit\_A\_DOB\_Appeal\_1.docx

- [Request for Appeal - Restore Louisiana - Louisiana.gov](#)
- [Homeowner Guidance Documents](#)
- [Know before you appeal](#)
- [Homeowner Assistance Program Manual](#)

Like all Louisiana Restore Homeowners Assistance Grant Awards it starts with the Households AMI Percentage.

The Label for the line actually shows: "**Applicant Income (AMI Percentage)**" which includes all household incomes generated by all persons living at the home from the age of 15 on up to include pensions, trust funds and retirement funds.

Ms. Clara was listed as Applicant Income (AMI Percentage) 76.9% for a household of 2 living in Livingston Parish Louisiana.

- According to the 2018 HUD MEDIAN INCOME LIMITS (80%), the combined incomes in any household of 2 person above the age of 15 that is less than \$47,900 pre-tax each year is considered by HUD as a Low to Moderate Income Household.
  - Extremely Low 0% - 31% area median income (AMI)
  - Low 32% - 51% area median income (AMI)
  - Moderate 52% - 80% area median income (AMI)
- The second line in the grant award indicated the priority RLHAP. Ms Clara was placed into Phase IV which is incorrect for her household income level. The Restore Louisiana Homeowners Assistance Program offers 6 Phases.
  - Phase I: Low-to-moderate income, elderly or persons with disabilities, outside the floodplain
  - **Phase II: Low-to-moderate income, elderly or persons with disabilities, inside the floodplain**
  - Phase III: Reside within one of the 10 most impacted or distressed parishes, outside the floodplain, no priority due to income
  - Phase IV: Reside within one of the 10 most impacted or distressed parishes, inside the floodplain, no priority due to income
  - Phase V: All other parishes, inside and outside the floodplain
  - Phase VI: Reimbursement for homeowners who have completed the rebuilding process at the time they answer the survey or complete the application

Ms. Clara should have been placed into a higher priority Phase II: Low-to-moderate income, elderly or persons with disabilities, inside the floodplain. But the bureaucracy and confusing methods allowed the phase category to go unchallenged for months.

Ms. Clara was informed that her award estimated repairs were \$103,313.08 to help with rebuilding her 1960's style slab on grade ranch home.

Ms. Clara also received [FEMA IHP](#) grant funds which totaled \$31,544 in the duplication of benefits screening columns of the letter.

Ms. Clara also had her [NFIP](#) (Flood Insurance) \$53,534 listed as part of her duplication of benefits. She expected this amount and planned on it.

Ms. Clara didn't expect to see an SBA Loan that she declined to take.

FEMA told her she had to apply for the SBA loan to be considered for ONA (Other Needs Assistance) grants that could cover home repairs, vehicle repairs, clothing, food and appliances. It would even be good to use repairing part of the home without being counted as a duplication of benefits.

- SBA Offered a \$81,000 loan secured by real property and flood insurance (NFIP) funds. SBA made it very clear that the collateral for the loan would be the collection of all NFIP insurance payment and if that was not enough the loan would be recalculated to include real property or lowered to match that of the NFIP insurance payout amount.
- SBA did not ask for an Income to Expense report.
- SBA did not research if she could actually repay the loan.
- SBA promotes its loan program to FEMA as a loan to families that can afford to repay the money. This is in our opinion false because offering a loan in the amount of \$125,000 to a household with 10% AMI or Extremely Low Income is not smart lending practices. But because of their rule 7(a) they tell investors that the loans are 100% secured by the homeowners collateral. This means they will take a disaster victims home from them for not calculating life expenses into the total loan amount.
- Ms. Clara's 95% expense to income ratio would have placed her in default of the loan in the first month by not having the means to make a single payment.
- Ms. Clara Declined the loan and withdrew from the SBA Disaster Loan Program.

The State of Louisiana Department of Community Development - Disaster Recovery Unit under the direction of Patrick Forbes has been given Executive Power by Governor John Bel Edwards to manage the HUD Grant distribution process for the Floods of 2016 FEMA-DR-4263 and FEMA-DR-4277.

The States Department of Community Developments official policy on SBA Loans and Duplication of Benefits is to count or impose the SBA loan in it's full amount without regard if a homeowner has accepted the loan or declined the loan.

Homeowners were being offered SBA loans without regard to life expenses and living expenses such as health insurance, auto insurance, home insurance, food, clothing even the basics of utilities were being ignored during the application process to speed things along. Bypassing these checks has placed thousands of homeowners at risk of default. Not only has it placed thousands at risk for default it also placed large loan approval amounts on homeowners that would never have taken the loan at all. To secure a loan with Flood Insurance that was to be paid within a few months was not in the plan for Ms. Clara. It was estimated that the drying of the home would take at least that long so the loan early payment sales pitch fell on deaf ears.

Ms. Clara saw \$81,000.00 applied to the homes Duplication of Benefits column. When Ms. Clara asked the director of Homeowner Assistance the director Jeff Harley forward the email to a IEM Inc. Outreach person for the reply. The reply was good and shows someone trained this IEM Inc. employee very well but it was the fact that they did not respond to my request for a meeting. On 6/1/2018 plans for simply talking and trying to find someone to correct this SBA Loan issue ended and a full online activism campaign was planned. [You can read the full email here.](#)

Activism Pays off in correcting a \$81,000 mistake on the part of Restore Louisiana Homeowners Assistance Program.

Posts went up to social media, emails were going out. It wasn't put as a rant or a complaint but a question was asked over and over with no replies but the same canned reply about SBA Loans being a DOB that Congress is going to fix. That pipe dream wasn't the answer, the answer was a simple word, lawsuit, a Moderate Income Household that refused the SBA Loan and did not sign or close on the loan was still being reported by the SBA for having over \$125,000 available assistance. This was a loan offered to a moderate income family. When Ms. Clara teamed up with a loan income family that was offered the same amount things started to show a pattern. The State of Louisiana shared a data feed from SBA that showed the total loan approval amount and did not check to see if the loan was approved, declined, withdrawn. This feed, provided

by the SBA was the major communications failure on the DOB screening process. But it wasn't the normal channels that lead to the fix, it was post after post, email after email and to make this issue public without the news media.

Behind the scenes on late Sunday Ms. Clara had her account updated. Monday 7-1-2018 when Ms. Clara was told about some activity and to check her eGrants she found that the SBA \$81,000 was removed from her account and she was awarded just enough money to do the most basic of repairs to her home which is all she ever asked for.

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**UPDATE: 7-2-2018:** As of this date 7-1-2018 a policy change seems to have been put into effect that changed how the OCD-DRU reviews Duplication of Benefits for the low to moderate income households. (80% AMI or below)

**UPDATE: 7-2-2018 9:09PM Monday,** this post will be edited to provide process and procedure information leading up to this date and the changes that appear to have taken place inside the Louisiana State Office of Community Development - Disaster Recovery Unit.

We hope it's not a computer glitch, we will be monitoring a few families in the 80% AMI range to see if the changes are sweeping over our Group One households.

7-23-2018: We have seen a steady increase of people looking for answers regarding the SBA Loan issue. It's very important to understand that SBA did not do any favors for the Moderate and Low income households. It also appears to be they didn't help many between the 80% to 120% income brackets. The main issue is they didn't ask you how much you needed or how much you could afford to repay, no. They simply calculated your income, factored increases to your income, added your real property as collateral and anything else that you owned that they could use for collateral and gave you that number.

You might have thought the SBA Disaster Loan Program was a candy store handing out free candy. Why on earth did a \$9.26 per hour unskilled labor worker receive a loan offer of \$120,000?

How did a Retired Person on a Fixed income that was under 80% AMI end up with a loan offer of \$124,000?

How did these demographics even make it past the first screening? It was their property values, it wasn't their ability to repay that wasn't even in the equation at the time. The SBA wanted to rush to delivery as many loan applications as possible and they did so by not using all their available screening methods. You can read more about this in the SBA OIG report that was published just this year titled: [Report on the Most Serious Management and Performance Challenges Facing the Small Business Administration in Fiscal Year 2018](#). Report by: [Hannibal "Mike" Ware, Acting Inspector General](#)

--- BELOW ARE NOTES ABOUT OUR ACTIVISM PATH AND PLANS.

We are following the US Governments flow regarding how to resolve a dispute with your local and state government workers. I hope you are not facing the same, but if you are, we are willing and we are ready to help your activism program as long as you base your battle on facts, laws, OIG reports, policy both state and federal and at the end of the day accept defeat if proven wrong.

<<--- UPDATE ENDS -->>

The Policy continues and states that if the household income is below 80% AMI a financial hardship will be granted. To date Ms. Clara has been denied a Financial Hardship for being below 80% AMI and has been denied HUD Grant funds for having applied and been offered an SBA Loan. Ms. Clara has declined the loan,



not taking any part of the loan and has written the SBA asking to be excluded from any assistance from the SBA related to the 2016 flooding and DR-4277.

Still to date the State of Louisiana penalized this homeowner for not taking the \$81,600 that would have bankrupt her household in just a few months. (Please read SBA default and recapture of funds timelines, demand full payment in 30 days in all cases.)

Ms. Clara has been active with this issue and via support resources and family she has contacted the following individuals for assistance with the State of Louisiana's Community Development group.

- [Governor John Bel Edwards](#) has not acknowledged nor replied privately or publicly regarding this issue.
- [U.S. Senator John Kennedy](#) has not acknowledged nor replied privately or publicly regarding this issue.
- [U.S. Senator Bill Cassidy](#) has not acknowledged nor replied privately or publicly regarding this issue.
- [info@restore-la.org](mailto:info@restore-la.org) responded with [FAQ Duplication of Benefits information and link](#).
- Director of OCD-DRU Homeowners Assistance responded with a copy and paste message including the hardship information which actually includes Ms. Clara but the Homeowners Assistance group denied her exclusion anyway. [Copy of Email from Jeff Harly via a Restore Outreach staffer linked here](#).
- Louisiana DOA Document Request: [Responded with clarification of DOB, a copy of the email is here](#).
- [HUD New Orleans Field Office Earl Randall, III, Field Office Director](#): Called twice, was advised they would look into it, no return calls after that no additional information.
- On behalf of [Secretary Benjamin S. Carson, Sr., Stanley H. Gimont Deputy Assistant Secretary for Grant Programs](#) works under [Neal Rackleff Assistant Secretary](#), Community Planning and Development Replied with a letter: "The Office of Community Development- Disaster Recovery Unit is responsible for RLHAP funding decisions and determining eligible applicants."  
"HUD's policy on SBA loans is that households who applied for and who have been approved for SBA assistance and have drawn all the SBA loan may be eligible for CDBG-DR funds if the SBA loan was not enough to repair their home."
- US Small Business Administration Processing and Disbursement Center Fort Worth, TX 76155 letter from homeowner requesting to be excluded, refused, declined, offered Zero (\$0.00) dollars based on the fact the SBA Loan offer was offered solely with the NFIP as collateral.
- US Small Business Administration Processing and Disbursement Center Fort Worth, TX 76155 letter from homeowner "... respectfully decline the Small Business Association disaster loan offered to me after the flooding of my home on August 13, 2016 DR-4277 for loan application ..."

### **The Homeowners Path through the political swamp.**

([Following the political bayou flow out of the lake.](#))

The changes that effected Ms. Clara and her SBA Loan declined took place many months before changes were made to the H.R. 1892 on Feb. 9, 2018 and later that day signed into law by the President of the United States. [View total votes and how each member voted here](#).

The following wording was added to the H.R. 1892 Bill 2-9-2018 and at [GovTrack.U.S H.R. 1892](#)

Provided further, 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)):

Ms. Clara declined to accept her SBA Loan based on the certain financial bankruptcy it would have caused and as a homeowner she had the choice to refuse Loans of any kind for any reason. In her case her first 2 reasons were made by the impossible amount of financial responsibility that was going to be imposed on her monthly and the fact that the loan was not offered based on credit and income but solely based on collateral of Ms. Clara's NFIP payment.

Since the President of the United States of America Donald Trump signed into law [Public Laws 115-123](#) the following has been added by Senator Marco Rubio (R-FL) and read in open forum by Senator John Kennedy (R-LA) and supported by Senator Bill Cassidy (R-LA) none of the State of Louisiana constituents have picked up the peoples banner or attempted to continued and be the champion for the Low to Moderate income families affected by the 2016 floods DR-4263, Dr-4277 and penalized by the SBA Loan process that offers lenders 100% collateral on their loans and not based on the ability to repay as so many politicians think. If it was based on the ability to repay nearly all Low to Moderate Homeowners would be disqualified if they held a mortgage at the time or if their income was below the 80% AMI. SBA loans are not approved based on the income to expense percentage. It is in the SBA policy 7(a) ... collateral ... 100%.

[U.S. Senator Marco Rubio](#) (R-FL) ([@SenRubioPress](#)), [U.S. Senator Bill Nelson](#) (D-FL) push [Disaster Assistance Simplification Act](#).

Rubio, Kennedy, Colleagues Introduce Bill to Simplify Disaster Assistance for Hurricane Victims. December 14, 2017: Washington D.C. - U.S. [Senators](#) Marco Rubio (R-FL), John Kennedy (R-LA), John Cornyn (R-TX), Bill Nelson (D-FL), and Ted Cruz (R-TX) introduced S. 2226, the Disaster Assistance Simplification Act, **legislation that would prohibit the U.S Department of Housing and Urban Development (HUD) from penalizing victims of natural disasters who apply for, but decline, Small Business Administration (SBA) disaster loans.**

#### **Jan 12, 2018 Task Force Meeting Notes:**

*(Patrick Forbes Director Office of Community Development State of Louisiana)*

**Mr. Forbes:** The zero award is folks who went through the whole process. And because of duplication of benefits or a low construction cost or some combination of the two, once we ran all the math, our grand award amount is zero. Quite obviously, if the **SBA fix occurs**, many of the zero awards turn into positive awards.

In the state of Louisiana Congressman Graves and others in office here in Louisiana started using the wording, **SBA Fix** when they were discussing any and all SBA issues homeowners have been complaining about.

The "**SBA Fix**" as Congressman Graves, Director Patrick Forbes, Governor Edwards refer to it has nothing to do with the **SBA Declined Loan** issue that 3,800 are estimated to have suffered and lost HUD Grant funding over.

The request which Governor Edwards sent to HUD asking HUD to lift the DOB on HUD Grants to those that have SBA Loans was 100% the actions of a misinformed politician.

HUD would never grant a waiver such as a full waiver excluding SBA loans from the duplication of benefits check.

It was a mistake made during Katrina and would have given homeowners that qualified for SBA Loans additional money to do what they needed to do. But what the State of Louisiana didn't expect was the close monitoring of homeowners with SBA Loans. Once the homeowner was awarded the HUD grant the SBA took control of the money and used it to pay down or pay off the SBA Loan for the homeowner. This was a system the SBA had in place that the State of Louisiana may not fully have known about or maybe they did know 100% that the SBA would take nearly \$943 million from HUD and use it to pay off the SBA Loans.

This mistake will not be made again and this is why when the Governor and State Employees as well as Congressman talk about the "SBA Fix" they are clearly not working for the 3,800 which Governor Edwards stated have refused the SBA loan but are being penalized for the loan amount in the duplication of benefits check.

There is not such bill on the floor to offer a "**SBA Fix**" to those that took the loan, your politicians are not telling you the truth if you still hear that from them.

Your, Our, politicians need to focus on the fix in hand and force the state of Louisiana to follow the rules. If a homeowner needs additional funds after taking the SBA loan then HUD makes it very clear they will help.

If a Homeowner took a loan above their means to repay then they didn't act wisely and need to sell before defaulting.

There are more solutions than the lip service of "SBA Fix" folks in our state.

You might be able to convince a few Task Force Members that you know what you are talking about Mr. Forbes but I can assure you after the July 13, 2018 meeting the Task Force will be well educated on the issue and will see just what the state of Louisiana Community Development Disaster Recovery Group has been doing for its people.

Homeowners will not be forced into additional debt, financial risk, or any hardship that could have been avoided if one person or more than one acted in the behalf of the people you work for.

It also takes knowledge and experience which we have seen from others in our state as well as outside our state lines. We know what worked for Sandy victims and we know what worked for Katrina victims.

There are more methods of offering assistance than what the State OCD-DRU group has even addressed to date. It's all about "Statistics" and nothing about Family from our point of view.

Get those victims into the program, drop 52% of them out and you look like a winner in the eyes of your Task Force Mr. Forbes, but you have done very little creative work, we have found more creative people using Google than within the OCD-DRU as a whole. Let's start listening to the peoples needs today and worry about your personal career tomorrow. Or should we ask about your appointment by the governor instead of asking you to follow federal law?

The claim that they are waiting for an "**SBA Fix**" is clearly a state stall tactic designed to "**Wait it out**" for more people to either risk financial bankruptcy or drop out of the HUD CDBG-DR Program.

We hope our local state government doesn't have a problem following the Public Laws 115-123 that U.S. Senators Marco Rubio (R-FL), John Kennedy (R-LA), John Cornyn (R-TX), Bill Nelson (D-FL), and Ted Cruz (R-TX) introduced in S. 2226, the Disaster Assistance Simplification Act back in December 2017.

"**SBA Fix**", knowing the Governor and others are talking about SBA loans being paid off by HUD grant funds is what we call Swamp Politics. They can't be that ignorant to HUD OIG reports and rulings since the Katrina program officially closed 2-1-2018 they have to had read some report about how HUD Grants will not be used to pay off SBA Loans and SBA Loans because they are not Government Loans but rather Private Industry and Investors Loans that the SBA Secures for them and offers 100% collateral protection and backed by the US Federal Government that they will be repaid. How do you expect to waive a Wells Fargo Loan, a Regions Bank Loan Mr. Governor?

They feel we don't understand the "Complicated" process and we are all swamp people. It's not true, and I will correct each and every politician in the state of Louisiana that the "SBA Fix" has been signed for 3,800 homeowners and for each day you "Wait" and each day you "Delay" acknowledging this law and this fact more Louisiana Homeowners are going into debt, creating new slums, blight is on the rise and financial bankruptcy will be the leading cause for increase revenue for the state by way of bankruptcy court and estate sales.

Governor Edwards "SBA Fix" letter is not the same as the law that allows Americans to Decline Loans and not be penalized by state officials for doing so. As of this date, the State of Louisiana Office of Community Development declines to offer HUD assistance to Low and Moderate income families that have been approved by the SBA for any loan amount.

[Sept, 6, 2017 Governor Job Bel Edwards "SBA Fix" press release.](#)

[Governor John Bel Edwards April 13, 2018](#) public Louisiana Task Force Meeting reading clearly shows the governor and his staffers are not informed on the issue of Duplication of Benefits and the SBA Loan issue. He clearly thinks the bill provided by Congressman Graves is still active and he is waiting for the news. This is just bad for a state leader to ignore 3,800 homeowners and not address the current laws that did pass and can help Louisiana Flood Victims. If you read about the SBA Loan issues being paid by HUD grants you will see they helped the over 80% AMI households more than they did for Low to Moderate household regarding income. I hope this isn't play to have it help the wealthy or no one at all.

This action is 100% in conflict with HUDs National Objectives:

Directly from the State of Louisiana Office of Community Development - Disaster Recovery Units own publication for homeowners called Homeowners Manual version 3.1 we can review what the HUD National Objectives are and try to hold the State of Louisiana accountable to uphold these National Objectives in the law and in the spirit of the law.

### **c. National Objectives**

The primary objectives of the CDBG-DR Program are to assist communities recovering from the impact of a disaster by providing decent housing and suitable living environments, and to expand economic opportunities, principally for persons of low and moderate income (LMI).

These objectives are achieved by ensuring that each funded activity meets one of three named National Objectives: **benefiting LMI persons; preventing or eliminating slums or blight; or meeting urgent needs** in the community. The RLHP housing program will serve the LMI and urgent need National Objectives as defined below:

- **Low to Moderate Income (LMI) National Objective** – Activities which benefit households whose total annual gross income does **not exceed 80% of Area Median Income (AMI)**, adjusted for family size. Income eligibility will be determined and verified in accordance with HUD guidelines for adjusted gross income. The most current income limits, published by HUD annually, shall be used to verify the income eligibility of each household applying for assistance at the time the assistance is provided.
  - **Very Low:** Household's annual income is up to 30% of the area median income, as determined by HUD, adjusted for family size.
  - **Low:** Household's annual income is between 31% and 50% of the area median family income, as determined by HUD, adjusted for family size.
  - **Moderate:** Household's annual income is between 51% and 80% of the area median family income, as determined by HUD, adjusted for family size.
- **Urgent Need National Objective** – An urgent need that exists because existing conditions pose serious and immediate threat to health/welfare of community, the existing conditions are recent or recently became urgent (typically within 18 months) and the recipients cannot finance the activities on their own because other funding sources are not available.



States [Homeowners Manual version 3.1](#) can be downloaded from their [website](#) or [here](#) where I have a stored copy.

**Resource List:**

[U.S. Senator Bill Cassidy Video day before H.R. 1892 signing](#)

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