

How the Federal SBA Loan program for Homeowners places more debt and puts at risk recovery efforts.



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The SBA Loan Program will harm every American Household after a declared disaster for one simple fact. The Federal SBA Loan Program does not take into consideration any current income to expense ratio for the victims of the disaster.

Our experience in Louisiana shows if you have applied for an SBA loan and did not sign, mail, approve, or accept any part of the loan you are still being counted as taking the loan unless your state carefully monitors the Public Law 115-123 from H.R. 1892 the Bipartisan Act of 2018.

If you applied for an SBA loan then signed the application and returned your application papers to Texas you may have later found that the payments would bankrupt your household.

So you did the logical thing, you asked for a lower amount thinking that the lower loan amount would also make your monthly payments lower.

You then receive a letter from the SBA showing your \$125,000 loan is now \$25,000.

But right after that you see, your loan terms are now changed from \$439.00 per month for 30 years to \$436.00 per month for 5 years.

Your thoughts of getting a low interest loan on \$25,000 for 10, 20 or 30 years was shot down by the investors that refused to take your loan terms and offered you only 5 years to pay off the loan.

The new terms lowered your monthly payments from \$439 to \$436, a \$3.00 decrease which was part of what you were looking for, you asked for a lower loan amount, you didn't ask them to make the loan amount within your household's financial budget.

The SBA secured the private investor for your loan and made a promise to this private investor that 100% of their investment is covered by 100% of the borrowers collateral.

And all this time you thought SBA loans for disaster victims were funded by American Taxpayer money.

Now that you found your monthly payments would still bankrupt you and your household, you asked the

SBA to cancel your loan completely.

SBA is good with offering to cancel your loan and sends you a letter stating "We have cancelled your loan in its entirety."

But not so fast, the data feed that the SBA shares with other agencies showing what your approved loan amount is was sent to your states Office of Community Development.

This data feed contains all the information your state needs to penalize you for even applying to the SBA.

They have your application number, loan approval amount and when your package arrives at your disaster home they have your loan number.

Simply by signing up and sharing your FEMA number, Tax returns and Home address the SBA calculates your total worth based on what the SBA can secure in collateral. Collateral ranges from insurance money to land.

Once you have that first offer by the SBA it's very difficult to shake it off. You can try and ask to get the SBA to lower the loan but the Data Feed they **proved** to your state may not reflect anything other than your total approved amount. In fact, we feel if the states Office of Community Development doesn't request any updates or loan modifications they will not see **the new** numbers. It will be the homeowner that has to prove the loan amount was changed or canceled. But proving the facts about a loan your state suspects you will take later is more difficult than one might imagine.

You told your State office of Community Development that you didn't take a dime. They reject your claim and cite that you were approved \$125,000 and can request that money at anytime.

You offer a letter that shows you would have to re-qualify for the loan within 6 months. Your state still refuses your explanation of why you have a \$125,000 that you claim you did not take. (Confusing, I know)

Guess we need to make sure the letter from SBA doesn't just say:

- You may request reinstatement of the cancelled loan funds. Your request must:
 - 1) Be in writing and made within 6 months from the date of this letter.
 - 2) The request must show that SBA's action was in error or provide justification acceptable to SBA to overcome the reason for this action.
 - 3) Include a completed, signed and dated (with current date), Request for Transcript of Tax Return, IRS Form 4506-T. The form may be obtained from the SBA Website at www.sba.gov/content/disaster-loan-paper-applications or you may contact our Customer Service Center at 1-800-659-2955.

Or should your SBA Letter acknowledging that you have cancelled your loan read as follows:

- You may request reinstatement of the cancelled loan funds. Your request must:
 - 1) Be in writing and made within 6 months from the date of this letter.
 - 2) The request must show that SBA's action was in error or provide justification acceptable to SBA to overcome the reason for this action.
 - 3) Include a completed, signed and dated (with current date), Request for Transcript of Tax Return, IRS Form 4506-T. The form may be obtained from the SBA Website at www.sba.gov/content/disaster-loan-paper-applications or you may contact our Customer Service Center at 1-800-659-2955.

This really wasn't a trick question, you might have noticed that both examples are the same. But they are slightly different in that the person reading the first acknowledgment of the loan being cancelled removed the loan amount from the Duplication of Benefits and the second person that was updating the second homeowners account did not count this letter that claims to be a cancellation letter and added the total amount of the SBA loan as a duplication of benefits to this household. Even if we know the homeowner never took the loan which can be verified with a quick call to the SBA in Texas this state employee or one of it's contractors didn't put the effort they needed to validate the homeowners claim that the loan was cancelled.

This cost our second homeowner over \$40,000 in grant funds that would have been enough to complete the repairs needed to their home.

The only known difference between Homeowner One and Homeowner Two is Homeowner One tossed the SBA application that was mailed to the home into the families backyard fire-pit and never seen again.

What were the factors behind one household being penalized and the other household not?

In the end, both declined the loan and didn't take any money.
Both were the same income ranges which happens to be below the 80% AMI for their areas.
Both owned their homes of nearly the same size.

The only letter difference was this. It came in a 2nd, 3rd, maybe 4th reminder letter to mail the final signed application back to SBA. The one that Homeowner number One burned the minute they saw want it was.

This was the cancellation letter that was automatically sent after phone calls, emails and postal letters were all ignored.

"We received additional information that caused SBA to review the terms and conditions of your loan. Based on our review of this information, we modified your loan. We have cancelled your loan in its entirety."

Is that the magic line? Is that the line that actually triggers the states Office of Community Development to remove the SBA Loan from the Duplication of Benefits column?

We may never know, but we do want to know.
Please share your data, your declined SBA letters, your loan amounts, your Grant Awards and most of all, share your Duplication of benefits.
Most importantly know the costs of the disaster, download and complete the Living on Percentages spreadsheet to track your monthly income to expense so you can recovery more effectively.

Copy provided by TruckAndTools.Com developed by Murray Wennerlund.

Email help@truckandtools.com for additional information.

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Original location: <https://www.truckandtools.com/disaster/sba.asp?gdyk=94>

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