



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

August 9, 2012

The Honorable Steve M. Palazzo
Member U.S. House of Representatives
1325 25th Avenue
Gulfport, Mississippi 39501

Dear Representative Palazzo:

Thank you for your recent inquiry on behalf of Mr. Charles Beaugez regarding his request for assistance in repayment of his U.S. Small Business Administration (SBA) Disaster Home Loan.

According to SBA loan records on December 29, 2005, SBA approved a \$19,300 (of which \$10,000 was disbursed) disaster home loan to Mr. Beaugez. The loan was approved with the following terms: 2.687 percent interest, monthly payments of \$100, and a repayment period of 10 and a half years.

Based on Mr. Beaugez's letter to you, he is requesting that his loan be deemed paid in full because the term of the loan was reduced from 10 and a half years to 5 years at the same payment amount of \$100. Mr. Beaugez asserts that since the 5 year term has lapsed that he does not owe the balance of the loan. In support of his assertions Mr. Beaugez has produced letters from the SBA Processing and Disbursement Center (PDC) in Fort Worth Texas. Mr. Beaugez is correct in saying that the term of the loan has passed. However, there is a balance due which Mr. Beaugez may pay in a lump sum or which he may continue paying under the original \$100 monthly payment agreement.

The Agency does not have legislative authority to forgive a loan. However, SBA does offer several options to assist in loan repayment. Such options include: maturity date extension (when possible), temporary payment reduction, and deferred monthly installments. Any request for reduced payments or other modified payment terms must be supported by current financial statements from the borrower. Under certain circumstances, SBA may consider a lump sum cash compromise as payment in full. This alternative is generally reserved for hardship situations and is approved only after a thorough analysis of the borrower's present and future financial situation. If Mr. Beaugez needs further assistance, he may contact Mr. Melvin Davis of the SBA Birmingham Disaster Loan Servicing Center (BDLSC) at (800) 736-6048, extension 3892.

The Honorable Steve M. Palazzo
Page 2

We appreciate your continued support of the SBA and the Mississippi small business community. If you and your staff have any questions, please contact the SBA Office of Congressional and Legislative Affairs at (202) 205-6700.

Sincerely,

John A. Miller
Director
Office of Financial Programs Office

cc: Melvin Davis, BDLSC