

LOUISIANA RECOVERY AUTHORITY

Redirection of Repaid Loans from the State to the Lenders as a modification to the Small Firm Loan and Grant Program

February 12, 2006

OVERVIEW: A resolution to request the Louisiana Recovery Authority and Office of Community Development to develop and publish an Action Plan Amendment recommending to the Governor and Louisiana Legislature a modification to the Small Firm Loan and Grant Program to allow repaid loans in the program to be returned to the lenders contracted to implement the program. Currently, repaid loans are returned to the State's disaster Community Development Block Grant (CDBG) recovery program for reallocation by the LRA, Governor, and Legislature. This amendment will allow these loan funds to continue to operate as an economic tool for these impacted communities.

Whereas, currently repaid loans under the Small Firm Loan and Grant Program will be returned to the State's disaster Community Development Block Grant (CDBG) program. As a consequence, loan funds from this program do not revolve in the community for additional small business loans unless reallocated again by the State.

Whereas, certain non-profit organizations that meet certain Housing and Urban Development (HUD) criteria are able to revolve CDBG loan program income more flexibly in the community for additional small business loans.

Whereas, if the repaid loans are returned to the lenders which are contracted to implement the program, the funds from the repaid loans may be used as loan capital within the damaged parishes.

Whereas, it is requested that the Small Firm Loan and Grant Program be modified to return repaid loans to Lenders contracted to implement the program for a specified period of time, depending on the status of the non-profit, rather than return CDBG loan program income to the State.

THEREFORE BE IT RESOLVED: that the Louisiana Recovery Authority Board does hereby approve the development of an Action Plan Amendment to modify the Small Firm Loan and Grant Program to allow repaid loans in the program to be returned to the lenders contracted to implement the program for a specified period of time (depending on the nature of the non-profit under CDBG regulations).