Correspondence: Small Business Administration, 1972 October-
1973 January.

Flood Committee

SBA.

Tom Kuppis, director,
SBA.
Anthony Chase, Asst.

SBA limits are administrative.
Henry Lark feels the $500,000 limit
can be exceeded by admin. regulation.

Location for housing -

SBA limits -

SMALL BUSINESS ADMINISTRATION
PROVINCIAL TOWER BUILDING
34 SOUTH MAIN STREET
WILKES-BARRE, PA. 18702

DATE: January 9, 1973

TO: STAFF:
Supervisors & Personnel

FROM: R. Keith Caudle
Branch Manager

SUBJECT: $4,000 Benefit-Recent Inquiries

It has been determined that the benefits in amounts totalling $4,000, question of recent inquiries, is a benefit under the Uniform Relocation Act of 1970.

Please inform your people that any inquiries related to a $4,000 benefit is "a Hud Program for Tenants" and refer the individual to the local Hud Office or Redevelopment Authority.

R. Keith Caudle
Branch Manager

SMALL BUSINESS ADMINISTRATION
PROVINCIAL TOWER BUILDING
34 SOUTH MAIN STREET
WILKES-BARRE, PA. 18702

SBA

January 5, 1973

Mr. Frank C. Carlucci
Deputy Director
Office of Management & Budget
Washington, D. C. 20593

Dear Frank:

This letter responds to your letter to me of December 27, 1972, and refers to several meetings and conversations between members of our staffs, including your telephone conversation of January 3, 1973, with our General Counsel, John A. Knebel.

The following represents our effort to set forth criteria, pursuant to the above communications, to guide SBA and HUD in carrying out their respective responsibilities in a coordinated fashion in the Agnes disaster areas in the States of New York and Pennsylvania.

1. SBA will accept no applications for disaster loans after January 15, 1973, except in those cases where urban renewal is taking place and only where redevelopment authorities certify that the property in question is scheduled for rehabilitation by the owner.

2. In those cases where the local redevelopment authority has already condemned the property of persons who would otherwise be eligible for SBA disaster assistance, but who have not yet filed for such assistance, SBA would limit its assistance to personal property damage only.

3. In those cases where the redevelopment authority has taken no action, SBA will make loans to those eligible for SBA disaster assistance either to rehabilitate existing properties or to finance voluntary relocations.

4. In those cases where SBA has already financed the rehabilitation of the existing property and the local redevelopment authority thereafter condemns that property, SBA in consultation with HUD will decide on a case-by-case basis whether all or any part of a condemnation award will be used to repay that loan.

5. In all cases where SBA makes disaster loans, either to rehabilitate existing properties or to finance relocations, SBA will provide sufficient funds to permit the applicants to build or repair in accordance with existing and enforceable building codes.

A meeting was held on January 3, 1973, at the Office of Management and Budget, and attended by representatives of OMB, OEP, Agriculture, and SBA. It was decided that all existing SBA disasters would terminate on the date specified in the original disaster declaration despite the fact that such termination date might exceed 60 days or go beyond the January 15, 1973, Agnes termination date.

Sincerely,

Anthony G. Chase

for Thomas S. Kleppe
Administrator

SMALL BUSINESS ADMINISTRATION

WILKES BARRE LEGAL

TOTAL DOLLAR DISBURSEMENTS FOR THE WEEKS ENDING:

	HOME	BUSINESS
12-16-72	$4,442,773.75	$4,998,846.53
	TOTAL FOR WEEK - $9,441,620.28	
12-23-72	$3,593,028.78	$2,692,778.53
	TOTAL FOR WEEK - $6,285,807.31	
12-30-72	$2,888,092.77	$3,486,629.87
	TOTAL FOR WEEK - $6,374,722.64	
1- 7-73	$3,542,265.68	$2,149,500.00
	TOTAL FOR WEEK - $5,691,785.68	

GRAND TOTAL FOR PERIOD - $27,793,935.91

SMALL BUSINESS ADMINISTRATION
Provincial Tower Building
34 South Main Street
Wilkes-Barre, Pa. 18702

January 9, 1973

Contacted 37 of 50 Accountants.
They have approximately 140 Business and 30 Homes of which 12 Business may be incomplete.

Also contacted 20 Lawyers.
They have approximately 33 Business and 10 Homes of which 5 Business may be incomplete.

Exceptions:

Accountants: Baron & Strassman have approximately 30 Business and 5 Home.

Lawyers: Firm of Greenwald, Rosen, Jenkins have 15 Business loans, remaining 19 lawyers, have 2 and 3 loans.

	Business	Home
Accountants	140	30
Lawyers	33	9
Incomplete	12	3
Total Out	173	39

No problems with deadline.
Contacted 37 Accountants
20 Lawyers

SMALL BUSINESS ADMINISTRATION
PROVINCIAL TOWER BUILDING
34 SOUTH MAIN STREET
WILKES-BARRE, PA. 18702

LOAN STATUS AS OF JANUARY 8, 1973

	HOME	BUSINESS
APPLICATIONS APPROVED	25,786	1,734
ADDITIONAL REQUESTS APPROVED	6,610	166
DOLLAR VOLUME APPROVED	$239.8 Million	$108.8 Million
DOLLAR VOLUME DISBURSED	$162.8 Million	$ 46.2 Million
LOANS IN PROCESS	836	223
CHECKS ON HAND	1,981	497

WILKES-BARRE DBO

RECAP OF PRODUCTION

4 WEEK PERIOD

10-30 thru 11-25 Saturday

CHECKS ORDERED

BUSINESS	647	$21,670,886.00
HOME	2,532	$20,411,391.00
UNSECURED	2,616	$ 6,140,742.00
	5,795	$48,223,019.00

CHECKS DISBURSED

BUSINESS	485	$14,063,366.00
HOME	2,290	$16,084,961.00
UNSECURED	3,115	$ 8,090,833.00
	5,890	$38,239,160.00

CHECKS ON HAND

BUSINESS	345	$ 9,724,330.00
HOME	2,008	$14,050,675.00
UNSECURED	717	$ 1,819,164.00
	3,070	$25,594,169.00

- 63 millions

10/30/72 to 11/25/72 — 540 business loans approved
30 declined
7 withdrawn
aggregate $39,940,620

Total business approved to date — {1993 loans / 73,986

" Home loans " " " — 27,162

" unsecured " " " " —

SECURED LOAN PRODUCTION

(BUSINESS & HOME)

4 WEEK PERIOD

10-30 thru 11-25

BUSINESS

WEEK OF	191's	DOLLAR AMOUNT (Ordered)	192's	DOLLAR AMOUNT (Delivered)
10-30	201	$ 5,279,742.00	79	$ 2,695,684.00
11-06	169	$ 6,469,449.00	118	$ 3,126,034.00
11-13	144	$ 6,063,796.00	173	$ 4,205,561.00
11-20	133	$ 3,857,899.00	115	$ 4,036,087.00
	647	$21,670,886.00	485	$14,063,366.00

HOME

10-30	886	$ 7,178,456.00	544	$ 3,991,905.00
11-06	689	$ 5,801,977.00	673	$ 4,864,249.00
11-13	600	$ 4,822,962.00	549	$ 4,313,902.00
11-20	357	$ 2,607,996.00	524	$ 2,914,905.00
	2,532	$20,411,391.00	2,290	$16,084,961.00

CHECKS ORDERED

10-30 thru 11-25

HOME	2,532	$20,411,391.00
BUSINESS	647	$21,670,886.00
	3,179	$42,082,277.00

CHECKS DISBURSED

10-30 thru 11-25

HOME	2,290	$16,084,961.00
BUSINESS	485	$14,063,366.00
	2,775	$30,148,327.00

CHECKS ON HAND

COB 11-25

HOME	2,008	$14,050,675.00
BUSINESS	345	$ 9,724,330.00
	2,353	$23,775,005.00

UNSECURED LOAN PRODUCTION

4 WEEK PERIOD

10-30 thru 11-25

WEEK OF	BUSINESS 191's	DOLLAR AMOUNT	BUSINESS 192's	DOLLAR AMOUNT
10-30	20	$ 88,100.00	26	$120,000.00
11-06	38	$154,200.00	43	$185,000.00
11-13	8	$ 33,600.00	27	$226,300.00
11-20	42	$182,000.00	27	$111,900.00
	108	$457,900.00	123	$643,200.00

	HOME		HOME	
10-30	501	$1,115,275.00	734	$1,918,450.00
11-06	530	$1,200,990.00	704	$1,855,415.00
11-13	365	$ 903,506.00	625	$2,475,796.00
11-20	540	$1,125,961.00	441	$1,039,259.00
	1,936	$4,345,732.00	2,504	$7,288,920.00

UNSECURED CHECKS ORDERED

10-30 thru 11-25

HOME	2,464	$5,501,422.00
BUSINESS	152	$ 639,300.00
	2,616	$6,140,742.00

UNSECURED CHECKS DISBURSED

10-30 thru 11-25

HOME	2,978	$7,398,133.00
BUSINESS	137	$ 692,700.00
	3,115	$8,090,833.00

UNSECURED CHECKS ON HAND

COB 11-25

HOME	654	$1,538,644.00
BUSINESS	63	$ 280,500.00
	717	$1,819,164.00

FLOOD RECOVERY TASK FORCE, INC.

September and October Financial Statement

Checks Issued

Date	#	Issued to:	Amount
9/27/72	1	Petty Cash	$ 75.00
9/28/72	2	Welfare Planning Council	6.81
9/28/72	3	Graham's	42.75
10/4/72	4	Petty Cash	50.00
	5	VOID	
10/24/72	6	U. S. Postmaster	10.00
10/25/72	7	Windsor Art Studio	8.50
10/31/72	8	Treadway Inn	325.00
		SUB TOTAL	$518.06
		Charge for Checks	6.21
		TOTAL	$524.27

Deposits

9/25/72	$250 from Sordoni Foundation	
10/30/72	$325 from Carlucci Reception	
	TOTAL	$575.00

Balance as of 10/31/72 - $50.73

MR

BUSINESS LOAN STATUS

Beginning: 10-30-72

BUSINESS LOANS PENDING, IN PROCESS
No.: 1,224 Amt.: $138,444,815.

Status: 10-18 thru 10-29

APPROVALS (Business Loan Office)

DATE	TOTAL NO.	TOTAL DOLLARS
10-18	27	2.1 Million
10-19	27	2.6 Million
10-20	32	3.6 Million
10-21	30	2.6 Million
10-22	29	1.1 Million
10-23	34	2.4 Million
10-24	37	2.1 Million
10-25	39	1.9 Million
10-26	37	1.3 Million
10-27	29	1.2 Million
10-28	36	1.6 Million
10-29	36	2.5 Million
	393	25.0 Million

DISBURSEMENTS

DATE	TOTAL NO.	TOTAL DOLLARS
10-18	7	74 Thousand
10-19	6	57 Thousand
10-20	13	157 Thousand
10-21	10	117 Thousand
10-22	10	78 Thousand
10-23	9	93 Thousand
10-24	13	117 Thousand
10-25	10	93 Thousand
10-26	10	118 Thousand
10-27	14	97 Thousand
10-28	6	311 Thousand
10-29	4	66 Thousand
	112	1,378,000.

Checks ordered and/or hand: No. 276 Amt.: $8,178,217.
10-21 thru 10-29

11-1

Judge Rosenn:

I am so very sorry to have missed working with you this past week. I have been in touch daily with Harold Rose and I am sure he can fill you in on the progress we have made while you were in Phila.

Once again I have had the opportunity to return to Wilkes-Barre to help the people here. We have made many changes here at SBA the last few weeks and from all indications the trend is slowly turning for the better.

I have left Al Slaman and Bob Ball in charge of seeing that any questions or problems you or Harold Rose may have will be taken care of promptly.

May I add Wilkes-Barre has a long way to go to recovery but I have seen a marked improvement since my last trip and I am confident it will return better than ever.

Sincerely,

Eileen Posey
"Ombudsman"

BUSINESS LOAN STATUS

Beginning: 11-1-72

BUSINESS LOANS PENDING, IN PROCESS
No.: 1,204 Amt.: $134,527,796.

Status: 10-18 thru 10-31

APPROVALS (BUSINESS LOAN OFFICE)

DATE	TOTAL NO.	TOTAL DOLLARS
10-18	27	2.1 Million
10-19	27	2.6 "
10-20	32	3.6 "
10-21	30	2.6 "
10-22	29	1.1 "
10-23	34	2.4 "
10-24	37	2.1 "
10-25	39	1.9 "
10-26	37	1.3 "
10-27	29	1.2 "
10-28	36	1.6 "
10-29	36	2.5 "
10-30	29	1.4 "
10-31	20	1.6 "
	442	28.0 Million

DISBURSEMENTS

10-18	7	74 Thousand
10-19	6	57 "
10-20	13	157 "
10-21	10	117 "
10-22	10	78 "
10-23	9	93 "
10-24	13	117 "
10-25	10	93 "
10-26	10	118 "
10-27	14	97 "
10-28	6	311 "
10-29	4	66 "
10-30	18	1 Million
10-31	14	317 Thousand
	144	2.7 Million

58 Business loan checks have been ordered
for the past 2 days totaling approx. $1,275,964.

SMALL BUSINESS ADMINISTRATION
Disaster Assistance Office
34 South Main Street
Wilkes-Barre, Pa. 18703

November 8, 1972

Mr. Harold Rose
President
Wyoming National Bank
Wilkes-Barre, Pa.

Dear Mr. Rose:

In accordance with our telephone conversation yesterday, November 7, I am happy to offer information regarding last week's activity in loan disbursements.

Week of 10-30-thru-11-5

Treasury checks ordered-Home loans	886
Dollar amount of checks requested	$7,178,456.00
Treasury checks ordered-Business loans	201
Dollar amount of checks requested	$5,279,742.00
Checks Disbursed-Home Loans	554
Dollar amount of checks disbursed	$3,991,905.00
Checks Disbursed-Business Loans	79
Dollar amount of checks disbursed	$2,695,684.00

RECAP

Checks Ordered-Home & Business	1,087
Dollar amount of checks requested Home & Business	$12,458,198.00
Checks disbursed-Home & Business	633
Dollar amount of checks disbursed	$6,687,589.00

Cont'd.

Mr. Harold Rose
President

It may also be of interest to you that as of Monday evening, November 6, we had 1,547 Home loan checks in house totaling $10,725,987.00. The Business loan checks in house totaled 346 for a dollar amount of $6,519,491.00. These business and home loan checks (1,893) have a total dollar amount of $17,275,478. These are ready for disbursement and will be disbursed when the borrowers come to our office.

Trusting these are the figures you wanted, I remain

Yours truly,

Robert K. Ball

Robert K. Ball
Disaster Branch Manager

RKB/paj

10-26-72

Judge Rosenn:

We have changed our report form at the request of Washington. This we hope will be a little better. I know the Business Loans Pending does not look too good and I have discussed this with Washington and they assure me this should double within the next couple of days. Please call me if you have any questions.

Mrs. Eileen Posey
823-8874

ABA

BUSINESS LOAN STATUS

BEGINNING 10-26-72

BUSINESS LOANS PENDING, IN PROCESS
No.: 1,209 Amt.: $140,000,000.

STATUS: 10-18 thru 10-25

DISBURSEMENTS

DATE	TOTAL NO.	TOTAL DOLLARS
10-18	7	74 Thousand
10-19	6	57 Thousand
10-20	13	157 Thousand
10-21	10	117 Thousand
10-22	10	78 Thousand
10-23	9	93 Thousand
10-24	13	117 Thousand
10-25	10	93 Thousand
	78	786 Thousand

APPROVALS (BUSINESS LOAN OFFICE)

DATE	TOTAL NO.	TOTAL DOLLARS
10-18	27	2.1 Million
10-19	27	2.6 Million
10-20	32	3.6 Million
10-21	30	2.6 Million
10-22	29	1.1 Million
10-23	34	2.4 Million
10-24	37	2.1 Million
10-25	39	1.9 Million
	255	18.2 Million

1B-A

BUSINESS LOAN STATUS

Beginning 10-27-72

BUSINESS LOANS PENDING, IN PROCESS
No.: 1,199 Amt.: $136,810,041.

STATUS: 10-18 thru 10-26

DISBURSEMENTS

DATE	TOTAL NO.	TOTAL DOLLARS
10-18	7	74 Thousand
10-19	6	57 Thousand
10-20	13	157 Thousand
10-21	10	117 Thousand
10-22	10	78 Thousand
10-23	9	93 Thousand
10-24	13	117 Thousand
10-25	10	93 Thousand
10-26	10	118 Thousand
	88	904 Thousand

APPROVALS (BUSINESS LOAN OFFICE)

DATE	TOTAL NO.	TOTAL DOLLARS
10-18	27	2.1 Million
10-19	27	2.6 Million
10-20	32	3.6 Million
10-21	30	2.6 Million
10-22	29	1.1 Million
10-23	34	2.4 Million
10-24	37	2.1 Million
10-25	39	1.9 Million
10-26	37	1.3 Million
	292	19.5 Million

Edlin Posey — 523-8854

BUSINESS LOAN REPORT 10-20-72

Total Business Loans 512

Number of loans over 30 days old 197

Number of loans with no disbursement 275

Number of loans with partial disbursement ~~229~~ 237

Partial disbursements

4

$ 47,500

Final Disbursements

-0-

$ -0-

Total disbursements partial & final

4

$ 47,500

Average daily disbursements for past 10 days $315,811

Checks on hand 63

Name of borrower below:

Marge

Thomas L. Clapper, admr.
Small B. L. Loan

1441 L St. N.W.
Wash. DC
20416

Personal

512
275
237

FLOOD RECOVERY TASK FORCE, INC.
P.O. Box No.1367
Wilkes-Barre, Pa.18701

October 20, 1972

Thomas Kleppe, National Administrator
Small Business Administration
Washington, D. C.

Dear Mr. Kleppe:

It was a pleasure to talk with you earlier this week. I sense an appreciable note of encouragement in the SBA loan situation although much remains to be done.

I met with your Mr. Finch this morning and Mrs. Posey. I believe that she will offer considerable assistance and appears to understand some of the delicate overtones involved, including the usual courtesies which ought to be extended to applicants.

I have several suggestions to make:

1. The deadline for submission of cases should be extended. I believe it would be worthwhile to do so at once rather than wait until the end of the month. This would improve the image of SBA at this time and relieve many prospective borrowers who cannot file at this time.

2. Many prospective borrowers cannot file because they are hopeful that their homes will be acquired for renewal purposes. In addition, they believe that they must secure contractor's estimates for repair and restoration and these are still difficult to come by. If and when you extend the deadline, I suggest that you make it clear that borrowers who cannot get contractor's estimates should make their application nonetheless and submit their best estimate of what the cost of repair will be. In such event, you can point out that your appraisers will make the estimate for them.

3. The Equity and Finance Committee of the Flood Recovery Task Force is meeting with your staff in assisting them to break the credit report bottleneck. Our banks will cooperate and they can provide you with more complete credit reports with respect to business loans than you can possible secure from credit agencies. They will cooperate fully with your staff.

4. It has been the policy of SBA in the past to use banks as escrow agents. SBA is presently escrowing funds in

FLOOD RECOVERY TASK FORCE, INC.
P.O. Box No.1367
Wilkes-Barre, Pa.18701

connection with business loans and acting as the escrow agent. This requires additional forms, considerable delay, extra work for SBA and frustration for borrowers. I would suggest that you return to your pre-flood policy and have funds escrowed with banks where loans are approved and permit them to make the disbursements. They are not looking for this extra work but they have indicated to me that if this will relieve the situation you can count on their cooperation. This should relieve your staff of considerable work and facilitate the processing of the loans. The banks will accelerate the disbursements and save your staff the handling of thousands upon thousands of documents.

5. Many of your staff in Wilkes-Barre are local people. They should know better but reports of rudeness on their part in the handling of borrowers continue to persist. I discussed this with Mrs. Posey and I hope that she may be able to improve their manners and improve the image of SBA in the community.

6. The problem of unnecessarily compressing the period of time for repayment of loans still continues to persist. There are too many loan officers who do not recognize that the SBA loan disaster program is intended as the principal vehicle for recovery. Repayments should be spaced generally so as to enable the borrowers, particularly in connection with business loans, to generate enough working capital. Inasmuch as they have lost their equity and are for the most part faced with inadequate financing, they need time for repayment so as to build up an adequate cash flow to meet their regular business needs. This is also true of many home borrowers who also need time go generate funds to make purchases for home furnishing and to meet other obligations in addition to their mortgage loan to SBA.

7. I am also advised that the tendency for the loan officers is to reduce the amount of the loan below that suggested by the borrower's appraisals prepared by their contractor. There could be a legitimate difference of opinion between the SBA appraisal and the borrower's appraisal. Inasmuch as there is no disbursement until the construction commences and no final disbursement until the construction is concluded, couldn't the amount of the loan be diplomatically negotiated by the loan officers and if disagreement persists, to accept the borrower's appraisal temporarily? If the construction costs less and the receipts do not justify the

FLOOD RECOVERY TASK FORCE, INC.
P.O. Box No.1367
Wilkes-Barre, Pa.18701

amount of the original appraisal, the loan officer can always cut back the loan to what is legitimately and truly expended. He will be making the disbursements and the final disbursement will not be made until the construction is concluded.

We deeply appreciate your concern for the community, your interest in its recovery, the effective work you are doing and we are hopeful that the current problems will be eliminated promptly. We hope that when you come to Wilkes-Barre we shall have the pleasure of meeting you and hopefully being your host.

Sincerely,

MAX ROSENN

MR:cjr

cc: Frank C. Carlucci
William Conner
Thomas Kiley
Andrew Shaw

FOUNDED 1829

THE WYOMING NATIONAL BANK OF WILKES-BARRE
WILKES-BARRE, PENNSYLVANIA 18701

HAROLD J. ROSE, JR.
President

October 17, 1972

AREA CODE 717
823-0131

The Honorable Max Rosenn
229 Federal Building
Wilkes-Barre, Pennsylvania 18701

Dear Judge Rosenn:

I am writing to you, at this time, representative of a vast number of people who are presently having or will face in the very near future problems with the Small Business Administration. There are three (3) major issues which I would like to develop to you separately:

1. There have been several announcements appearing in the local news media submitted by various agency officials stating that October 31, 1972, will be the deadline for filing loan applications. This position has been modified in a news release of today's date stating that applications will be taken, thereafter, if for good cause or reason they could not be filed prior to the deadline date. Definition of good cause or reason is subject to interpretation.

Although we thoroughly understand that the Federal Government would like to have all of the applications filed, it is just not that simple. Furthermore, the SBA office has been unable to process satisfactorily the applications that are on file, let alone the receipt of new. That is a further matter that I will discuss later under issue Number Two.

There are a large group of people who find themselves, because of circumstances, in positions of indecision. These positions are not entirely caused by their fault. I do not have to emphasize to you the depth and severity of the disaster. Federal officials are talking about having all loan applications filed four (4) months after the date of event when the residents and business people have lost, to a large degree, almost everything they own. The indecisions are

THE WYOMING NATIONAL BANK OF WILKES-BARRE
Wilkes-Barre, Pa. 18701

caused by many factors: urban renewal process, financial problems, housing, appraisal problems, contractor problems, employment problems, definition of areas which are again susceptible to floods, and many other reasons. The Federal Government has an obligation to satisfactorily perform the administration necessary to accommodate the people. A four (4) month filing period is a position that only alienates the already disturbed. I urge you to have this deadline date extended.

2. The Small Business Administration should adopt a positive, patient philosophy. This is not a disaster area that you can move into with bodies, shuffle paper work, set up a projected closing date, and then leave town. It is quite evident from our meeting yesterday that the SBA has not been prepared to cope with the process that is necessary, because of size and magnitude of the disaster. I do not make this statement to demean any of the SBA officials or their Administration. I only point this out because it is evident to us.

The time element in processing loans has been very bad; and as of today, a small group of men representing the Flood Recovery Task Force, Inc., will meet with SBA officials each Wednesday morning at 9:00 A. M. The purpose of this meeting will be to help SBA officials gather data and information on any loan that has not been processed because of the lack of information. We know of several loans, at this time, that have not been approved because they were awaiting credit information. This delay of several weeks could have been eliminated if a check would have been made to the bank of record who has very satisfactory current credit information on file. This Committee will attempt to break any log jams that are evident to them.

There are also numerous cases where the loans have been approved but not yet dispersed, with the reason given that there were not enough attorneys employed to accomplish the necessary legal work. In addition to helping with the credit information, we have also convinced the SBA officials to use the customer's attorney in order to accelerate the process. We urge that, in addition to this, they hire attorneys from other areas to expedite the back-log.

THE WYOMING NATIONAL BANK OF WILKES-BARRE
Wilkes-Barre, Pa. 18701

3. Following several weeks of work and travel, as well known to you as I, we were all convinced that the SBA loan program would help people recoup their vast amount of loss over a long period of time. The SBA program with 1% loans, coupled with the $5,000.00 forgiveness, appeared to be a program which most of us believed would accomplish restoration over a period of time. To our group, it was not as acceptable as the Co-insurance plan that we offered, but we did advise to our communities the merits of the SBA plan.

The intent of President Nixon, Congressman Flood, Senator Schweiker, and Senator Scott, as we believed it, was to grant these loans regardless of race, creed, color, wealth, amount of loss, minority, whatever; providing proper documentation was submitted. We had no reason to believe that the terms were going to be so completely monopolized by the SBA officials. Business loan amounts are being cut back sizably, the terms of the loans are not anywhere near a thirty (30) year term originally believed entitled, and to some point loans are being declined in their entirety. The restoration of equity can only be achieved through the length of the loan term.

There is no reason that a person, as an example, who has a $100,000.00 loss has to repay his SBA loan in a (4) or (5) year period just because he has a high level of income, or additional assets. There is also no reason for a person who has suffered a large loss and has no remaining assets be deprived of an SBA loan to start his business back up and repay same over a thirty (30) year period. If it was the intention of the Administration to have this program work the way it is working, then we have made a very bad mistake accepting the program as we did.

I urge that an inquiry be made to the Washington officials to determine whether or not the guidlines being used by the local SBA officials can be changed in order to accomplish the original intent of the disaster act.

WESTON BOND
FLUORESCENT
25% COTTON FIBER

THE WYOMING NATIONAL BANK OF WILKES-BARRE
Wilkes-Barre, Pa. 18701

The people who have suffered deserve an opportunity to restore their equity positions over a long period of time.

Very truly yours,

Harold J. Rose, Jr.
CHAIRMAN OF THE LEGISLATIVE &
EQUITY SUB-COMMITTEE OF THE
FLOOD RECOVERY TASK FORCE, INC.

HJR, Jr/po

LAW OFFICES
ROSENN, JENKINS & GREENWALD
SUITE 1000 BLUE CROSS BUILDING
WILKES-BARRE, PENNSYLVANIA 18711

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G. JONATHAN GREENWALD

MITCHELL JENKINS
COUNSEL TO THE FIRM

FRANK G. HARRISON
OF COUNSEL

October 24, 1972

Honorable Max Rosenn
Federal Building
197 South Main Street
Wilkes-Barre, Pennsylvania 18701

Dear Judge:

Harold has asked me to write you concerning several matters involving the Small Business Administration. I shall attempt to address myself to them seriatim:

1. With regard to my letter to you of October 20, 1972 and the case mentioned therein, you have my permission and the permission of the owner of the business who is my father to disclose the details made in that letter. I am also enclosing with this letter a complete copy of the SBA application together with the authorizations which were issued. The information on the authorizations and in the application may also be disclosed if in your discretion you think it is necessary. With regard to the letter of October 20, you will note that a second authorization has been received but it nonetheless indicates that SBA is attempting to collateralize everything in sight, severely limit the operation of the business, and to force a repayment in the least time possible. I hope you will note that SBA has provided for what amounts to an $11,000 a year repayment, limiting the principal owner of the business to $12,000. All of this occurred when under the most optimistic circumstances, the business can project a profit of only $8,000. In addition to that, the owner of the business must also find $128.00 a month to amortize the loan that SBA has now granted on the residential property. My father has indicated to me that after reviewing the terms of the loan, he feels that SBA in some way is trying to hold him personally responsible for Hurricane Agnes and to punish him for it!

2. I mentioned to Harold that two highly placed employees at SBA have talked to me confidentially about a Mr. Slaman. Mr. Slaman has the authority to finally review and approve all loans under $500,000 and in my personal knowledge, I know he has reviewed and finally approved one in the amount of $750,000. As both of these employees pointed out to me, Mr. Slaman comes out of the liquidation division of SBA. Rather than viewing the Disaster Relief Act as remedial, he apparently sees no difference between a disaster loan and a normal commercial SBA loan. In light of his background, he has attempted to collateralize every known asset possessed by both the business and the principals. The Sirkin & Horowitz loan is an example. He also insists that the loans be repaid at the soonest possible moment. This places a particularly onerous burden on most businesses in which I have come in contact. But for the flood damage, they would not have had a mortgage payment at all. Because of the flood, they are going to have some mortgage payment. In reading the Act, one would believe that the payment would be the lowest possible. That means to me that it should be over a 30-year period. Unfortunately, in Mr. Slaman's concept, that means that it should be paid as soon as possible. An example of his thinking involves Margie-Kay Sportswear, Inc. That Company had fallen on hard times before the flood. SBA initially refused to lend Margie-Kay any funds because they felt Margie-Kay did not have the ability to repay. After propounding a multitude of conditions, they agreed to lend Margie-Kay $54,000. Even with such a Company, the term was reduced to 25 years! Another example of this attitude of quick repayment is Valley Vending Company with which you were familiar while you were practicing law. Valley Vending was granted a loan of $86,000 to be repaid in five (5) years.

3. Harold has asked me to mention to you the problem encountered by Sperling Tobacco Company. The authorization granting the loan insisted that both partners and their wives guarantee a loan. One of the partners and his wife have consistently treated the wife's assets as separate both from her husband's assets and the business assets. This was done because the couple has a retarded child and they desired to make certain that there would be assets available to care for the child in the event of their death. The business itself is viable and profitable and a security interest in the inventory being purchased with the proceeds of the SBA loan would under normal circumstances, I believe, be security enough.* The banks with which this Company had been dealing for many years have never insisted that the wife of the partner sign any document guaranteeing a loan.

* They have also agreed to mortgage the business property, which is unencumbered & has been fully restored.

I have run into countless people who have indicated that the terms under which the SBA loans are being granted ~~are onerous~~. They have accepted the money because as they thought, they had no other choice. This, of course, was not the intent of the Disaster Relief Act as I understand it. I hope that the Task Force can exert some influence on SBA in alleviating the injustice that is being perpetrated.

Very truly yours,

DAVID E. KOFF

DEK/njk

NORTHEASTERN CHAPTER
OF
PENNSYLVANIA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

October 19, 1972

Honorable Max Rosenn
Chairman, Flood Recovery Task Force
Federal Building
197 S. Main Street
Wilkes-Barre, Pennsylvania 18702

Re: Small Business Administration Loan processing and loan application deadline of October 31, 1972

Dear Judge Rosenn:

During the past week articles have appeared in the various local newspapers indicating that you, as Chairman, and other members of the Flood Recovery Task Force, have met with the Small Business Administration regarding the processing of loan applications and disbursing of funds.

As President of the Northeastern Chapter of Pennsylvania Institute of Certified Public Accountants, which has a membership of approximately 140 Certified Public Accountants in the immediate flood disaster area, I am writing to express the point of view of our organization.

In our opinion, to date the Small Business Administration has supplied very little, if any, help or relief to the local businessmen. We all agree that the Small Business Administration has never in the past been confronted with such a monumental task, but my constituents question whether they are really facing the issue. Since the loans they are to approve are disaster loans, it is important that the loan applications be approved immediately and funds disbursed promptly. To date, my constituents have found that both the approval of the loan applications and the disbursement of funds have been inadequate and ineffective. At the present time the numerous businessmen have resumed business and made committments predicated on receiving a Small Business Administration loan on a timely basis. They are presently in a position of either paying these committments in the very near future or curtailing operations due to the lack of funds. Our organization feels that such funds should have already been provided by Small Business Administration loans and that the economy of the entire business community is now in jeopardy because of the lack of such loans. We conclude that the Small Business Administration is processing the loans without consideration of the current and immediate needs of local business men. In many cases the difference between success in reopening a business or closing the doors forever is the immediate acquisition of cash in the next 30 days.

To alleviate this present problem and to revitalize our business community, we feel the following immediate action should be undertaken by the Small Business Administration:

1. An extension of time should be granted, at a minimum, until December 31, 1972 in which to file a Small Business Administration loan application.

2. The processing of loan applications should be expedited and the applications treated as the disaster loans which they are, with emphasis placed on the urgency of the situation.

3. Immediate disbursement of funds on approved applications should be made in order for the business man to meet committments.

As to the deadline of October 31, 1972, we had previously expressed our displeasure in a letter to Mr. Frank Carlucci on September 14, 1972 regarding the September 30, 1972 deadline, a copy of which is attached. In addition, Samuel Horovitz, President of the Pennsylvania Institute of Certified Public Accountants, has also written a letter to Mr. Carlucci, a copy of which is enclosed. The facts and conditions expressed in these letters will still exist at October 31, 1972.

If there is any way that I, or any member of our Chapter, can help you or your Task Force accomplish these goals, please feel free to contact me at my office at any time.

I can be contacted at my office:

Laventhol Krekstein Horwath & Horwath
Sterling Hotel Mezzanine
Wilkes-Barre, Pennsylvania 18701

Telephone: 717-822-1174.

Respectfully yours,

Louis C Kneidinger

Louis C. Kneidinger

lck/ag

CC: Congressman Daniel J. Flood
Senator Hugh C. Scott
Senator Richard S. Schweiker
Mr. Frank Carlucci

NORTHEASTERN CHAPTER
OF
PENNSYLVANIA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

September 14, 1972

Mr. Frank Carlucci
President's Personal Representative
Holy Cross Hall
133 North Franklin Street
Wilkes-Barre, Pennsylvania, 18701

Re: Small Business Administration Loan Application Deadline of September 30, 1972

Dear Mr. Carlucci:

As President of the Northeastern Chapter of Pennsylvania Institute of Certified Public Accountants, which has a membership of 140 Certified Public Accountants in the immediate flood disaster area, I am writing regarding the deadline of September 30, 1972 previously announced by you as being the final date the S.B.A. will accept disaster loan applications.

Since this annnuncement, utter confusion has existed as people are unsure as to what the rules actually are. I have received many phone calls from Certified Public Accountants who are members of the Northeastern Chapter expressing complete dissatisfaction with this announced deadline since it is unrealistic.

We all know that in previous disasters the S.B.A. has constantly extended the deadline for filing loan applications, and in previous disaster areas, the S.B.A. was accepting disaster loan applications years after the disaster. I realize that the S.B.A. is interested in having the loan applications filed as quickly as possible, but feel the approach being used is unfair.

The Certified Public Accountants at this time are confronted with their normal work load, S.B.A. loan applications, and casualty loss refund claims. Most of my constituents have been working day and night in servicing their clients, but the announced deadline of September 30, 1972 has created a hardship and physical impossibility for both the Certified Public Accounts and the people whom we are all trying to help.

As far as I am concerned, helping the people is the original intent and the announcement of a deadline is defeating this purpose. Also, considering the amount of destruction involved and since it covered such a wide area, I can not in my own mind conceive how the Government could expect everyone to get all the necessary data together within such a short period of time.

September 14, 1972

To: Mr. Frank Carlucci
President's Personal Representative

I urge you at this time to immediately announce that an extension of time will be granted for S.B.A. loan applications. I am available to meet with you to discuss this current situation, but it is imperative that an announcement by your office be made immediately, announcing the extension we all know will be granted.

Your immediate consideration in this action will be appreciated.

I can be contacted at my office:

Laventhol Krekstein Horwath & Horwath
Certified Public Accountants
Sterling Hotel Mezzanine
Wilkes-Barre, Pennsylvania 18701

Telephone: 717-822-1174.

Very truly yours,

NORTHEASTERN CHAPTER OF PENNSYLVANIA
INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Louis C. Kneidinger, President

lck/ag

CC: Congressman Daniel J. Flood
Senator Hugh C. Scott
Senator Richard S. Schweiker

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September 14, 1972

COPY

Mr. Frank Carlucci
President's Personal Representative
Holy Cross Hall
133 N. Franklin Street
Wilkes-Barre, Pennsylvania 18701

Dear Mr. Carlucci:

It has been brought to my attention that you recently announced the deadline of September 30, 1972, for the filing of SBA disaster loan applications in the Wilkes-Barre area.

I can understand that you are desirous of implementing the relief work in that area as quickly and efficiently as possible, as the President has requested of you and, based on most of the information coming from that area, you have performed a good job in achieving the desires of the President and the people.

However, the CPA's in that area are finding themselves tremendously burdened with the serious problems that have arisen from the destruction of their records and the records of the entire community, including the records of many commercial establishments.

The announcement of the deadline, which apparently appeared in the local newspapers, has created consternation, confusion and some panic on the part of the victims of this tragedy who have been working on schedules that will enable them to file complete and accurate applications for loans. They felt that this was desirable, but they know at this time that they will be unable to meet the deadline. It is my understanding that the SBA will grant extensions of time as they always have in the past in these circumstances.

I hope this has not changed, and I believe it would be wise for you to make it clear to the public that additional time will be granted where the circumstances require it.

It would be appreciated if you would advise, by return mail, if there is any problem involved in announcing an extension of time and whether you desire assistance for legislation, if it may be required. I would be happy to assist you in any possible way to clarify this matter.

Very truly yours,

Samuel Horovitz

Samuel Horovitz
President

SH/vls
cc: Lou Kneidinger
F. Willard Heintzelman