

Congress of the United States

Washington, DC 20515

March 8, 2006

The Honorable George W. Bush
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

We are writing to ask that the March 11, 2006 deadline be extended for physical damage disaster loans for those affected by Hurricanes Katrina and Rita. These natural disasters in the Gulf Region created one of the greatest economic hardships in the history of the United States and have caused harm to millions of homeowners and small businesses. The rebuilding of the region will involve a private and public partnership to ensure the local and state economies start creating jobs and generating business income.

Reports from the Gulf Coast show that the economies are struggling to recover due to a number of factors. These include the failure of FEMA and other agencies to respond quickly in the wake of the disaster, a lack of available housing for workers, and the problems in providing necessary capital for local businesses to get back to pre-Katrina levels. The reality is that the harm caused by these issues could be lessened if the federal government's Small Business Administration (SBA) disaster loan program for home and business loans were operating as Congress intended it.

Unfortunately, the SBA's mismanagement of the loan program has meant that the agency has been unable to act quickly and properly to process business and home loans. The SBA disaster loan has been plagued by problems since the disasters hit, including difficulties with the program's computer system, lack of staffing, and the overall unresponsiveness to applicants' issues.

The results have generated frustration from applicants who are unable to obtain answers from SBA officials. The problems at the agency have meant that many businesses do not know the status of their loan or are still in the process of applying for a loan. Additionally, there are some who are unaware that they are eligible for assistance due to SBA's failure to provide proper advertising and outreach in many communities about these programs.

Despite these problems, the current deadline is only 3 days away - on March 11 - for applicants to file a physical damage disaster loan. Considering the difficulties at SBA, this deadline must be extended. The undersigned Members strongly urge that the administration move this date to December 31, 2006 to ensure that those eligible for assistance will be able to apply for it.

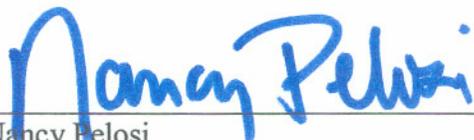
To impose this deadline would create an additional hardship on communities that have already suffered enough. The current date fails to account for the realities that are going on with the disaster loan program as well as the situation for business and homeowners. An extension of the deadline will provide these individuals with the ability to meet the burdensome paperwork requirements, assess their losses, and determine business viability. It will also allow for applicants who have not heard back from the SBA to re-apply or determine whether the SBA loan is even in the system.

As of now, over eighty percent of disaster loan applications are outstanding despite the fact that the hurricane occurred over six months ago. The backlog of unprocessed loans that have been submitted now exceeds 60,000. This is on top of a decline rate for loans in the region that are at nearly seventy-percent, an unprecedented high rate of decline.

The SBA disaster loan program was created so that local economies could recover quickly from these disasters in a timely and efficient manner. It has helped communities get back on their feet while at the same time ensuring an efficient use of taxpayer's dollars in a recovery effort. By extending the deadline, it will ensure that these businesses start creating jobs and that these economies are able to rebuild. With all the obstacles that those in the region have faced, everything should be done to avoid creating unnecessary hardships like this deadline that will only hinder recovery efforts.

We appreciate your prompt attention to this matter.

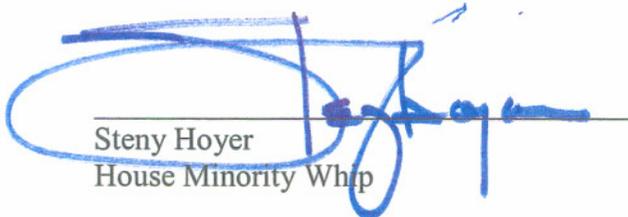
Sincerely,



Nancy Pelosi
House Minority Leader



Nydia M. Velázquez
Ranking Democratic Member
House Committee on Small Business



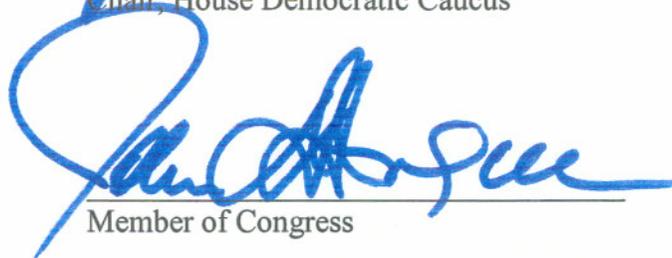
Steny Hoyer
House Minority Whip



James E. Clyburn
Chair, House Democratic Caucus



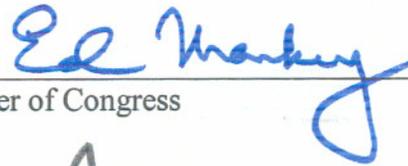
John Larson
Vice-Chair, House Democratic Caucus



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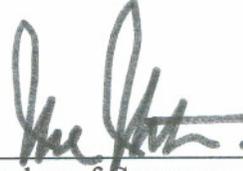
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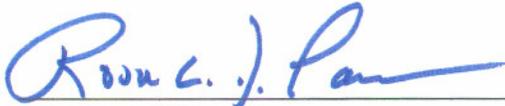
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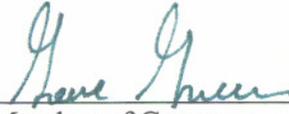
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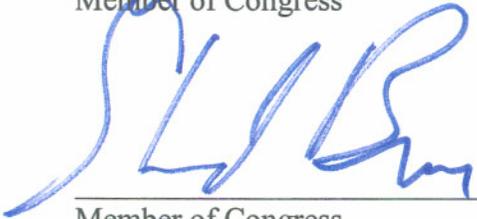
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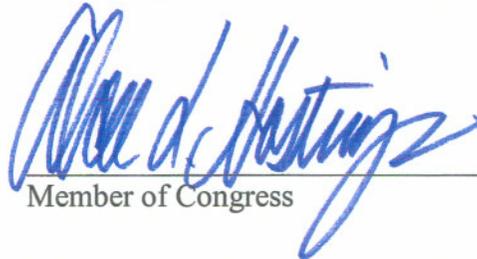
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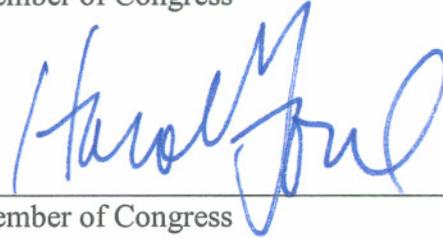
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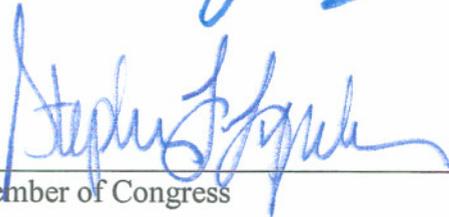
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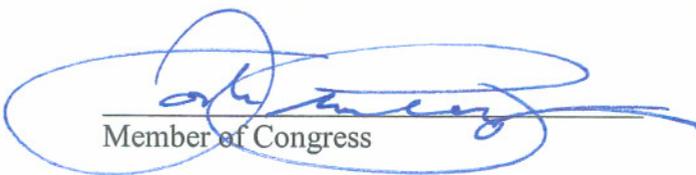
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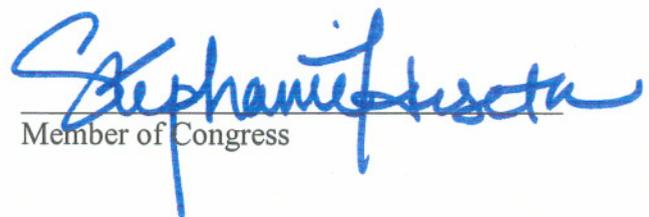
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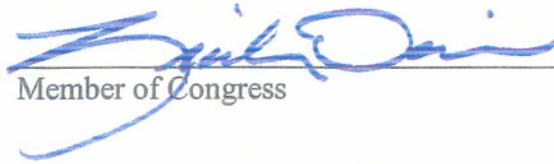
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Charles W. Stenholm
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Richard E. Neal
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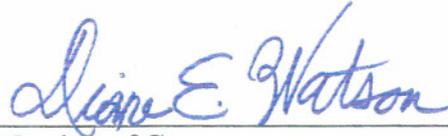
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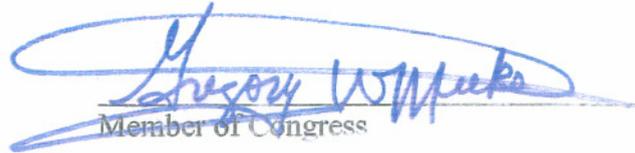
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