

Dear Friend of CHAT,

**1. LRA is working with the federal government on rules for asking for money back from RH homeowner for covenant violations**

**a. Pay back demands after applicants go to a closing for their grant for not meeting the covenant rules are unfair in many cases because:**

- ø Many applicants were given less money than they were told they would get in their “gold letters” (yellow letters) sent to them and not because they received additional insurance benefits for structural damage
  - ø Often applicants were provided no good reason for decreases in grant amounts
  - ø Often applicants had mistakes in their grant calculation that were not corrected because they had no chance to appeal or were not given a fair and independent appeal
  - ø Often grant amounts decreased because the rules for grant calculations were made more and more restrictive so that applicants whose grants were processed earlier were able to get more grant money than those who applied later (see 2. below about the promise of consistent treatment of applicants)
  
- ø Applicants were told by RH officials that they could take those “gold letters” to the bank, they were that reliable. A New Orleans loan program for RH applicants was established based upon that supposed reliability (but then was quietly disbanded)
  
- ø Applicants has had to deal with escalating costs, fraudulent contractors, and great delays in getting their grants which caused them to have to use up their savings or loans to pay for alternate living expenses
  
- ø ICF, the former contractor was supposed to provide extensive rebuilding advice to applicants which is did not provide according to the terms of its contract. The lack of this advice and of explanations of the RH rules and regulations hindered applicants in their rebuilding
  - ø (see pages 13-14 of the CHAT complaint to the HUD Office of the Inspector General [http://chatushome.com/chatusfiles/HUD\\_OIG\\_Complaint\\_ForPublicRelease\\_final\\_\\_2\\_2\\_09.pdf](http://chatushome.com/chatusfiles/HUD_OIG_Complaint_ForPublicRelease_final__2_2_09.pdf))
  - ø RH is so nontransparent that they hid an important rule for appeals from applicants, and even many ICF staff. A RH document describing this rule was only recently obtained by a Public Records Request filled after a delay of 8 months.

**b. Pay back demands after applicants go to a closing for their grant for Road Home “mistakes”**

Given the following quote from the Times-Picayune, LRA should not ask for paybacks (“recapture of funds”) from applicants who had mistakes in their application processing by ICF International or one of its subcontractors, unless these were mistakes that would be obvious to applicants.

*Road Home set to revise appeals: Unhappy applicants to get new options  
Friday, March 21, 2008 By Bill Barrow, Capital bureau, Times-Picayune*

**BATON ROUGE –Paul Rainwater, Executive Director of the Louisiana of the LRA said, "I judge this program not by the number we have served, but by the homeowners we haven't yet been able help."**

- ø How can applicants know they have been overpaid when the calculations are so complicated that RH employees struggle with them?
- ø Will Road Home publish fair guidelines for recapture (paybacks) for Road Home "mistakes" that are not due to applicants hiding insurance benefit information or to applicant fraud?
- ø Applicants with recapture demands after closing for RH's "mistakes" are telling us that the payback demand comes first and then there will be some kind of review.
- ø This is not the right way to run a federally funded program that is notorious for being mistake-prone in underpaying applicants.
- ø Unlike the applicants, ICF International has the applicants' data.
- ø The rules for grant processing keep changing and regressive changes have been used retroactively to decrease grants.
- ø The rules for grant processing are complicated, often unavailable, and sometimes not uniformly or capriciously applied.
- ø We have been told that the projected number of these paybacks is less than 100.
- ø That is still too many for applicants who committed no fraud and were honest in their declarations to Road Home unless the overpayment was very large and obvious to the applicant.

## **2. Intentions versus Reality for the Road Home Program**

**There is a slide show for the Proposal for the Road Home Programs made by the LRA in March 2006 on the web.**

See [http://www.lra.louisiana.gov/assets/other/by\\_month/February06/022006LRAHousing.pdf](http://www.lra.louisiana.gov/assets/other/by_month/February06/022006LRAHousing.pdf) for the slide show

Here are some excerpts

**Program criteria apply uniformly to all Louisiana homeowners.**

**Provide leadership and administration to ensure resources are used in most effective and efficient manner possible**

**Local input is critical to the development of a program that is equitable and affordable, given the importance of rebuilding safely and the many constraints our communities face**

**3. If you would like to comment on your RH experiences or those of others whom you know about, please go to:**

<http://www.chatushome.com/blog/?p=55#comments>

or if you would rather tell us where you are in the processing of your grant by taking or updating our survey (which is working well now), please go to:

<http://chatushome.com/> and click after CHAT's online survey

or go to [http://www.surveymonkey.com/s.aspx?sm=hdEchbm8VI\\_2bWFDmxi7E\\_2f7w\\_3d\\_3d](http://www.surveymonkey.com/s.aspx?sm=hdEchbm8VI_2bWFDmxi7E_2f7w_3d_3d)

#### **4. The Latest Filming of a CHAT Meeting Aired For Six Weeks on Public Access TV**

Wed., June 10, Noon-1:30 PM; Fri., June 12, Noon-1:30 PM; Sun., June 14, 10:00-11:30; Mon., June 15, 8:00-10:00; Thurs., June 18, 8:00-10:30; Sat., June 20, 11:00-1:00; Mon., June 22, 12 - 2 PM; Fri., June 26, 8-10 AM; Wed., July 1, 3 PM; Thurs. July 2, 2:30 PM; Fri., July 3, 3 PM; Sun., July 5, 9 AM; Mon., July 6, noon; Tues., July 7, 1:30 PM; Wed., July 8, noon; Mon., July 13, 4 PM; Wed., July 15, 3 PM; Thurs., July 16, 3:30 PM; Mon., July 20, 3 PM; Mon., July 27, 3:30 PM; Wed., Aug. 5, 3 PM; Fri., Aug. 7, 8 AM and 2:30 PM; **Mon., Aug. 10, 3 PM; Wed., Aug. 12, 3 PM; Fri., Aug. 14, 12:30 PM**

**5. Among the applicants filling out our survey this week is an 80 YO lady still waiting for her grant. I am also trying to get help for a 96 YO lady who is awaiting an appeal decision on estimated cost of damage. This is not unusual for some of our most senior and thereby world-experienced citizens to be contacting CHAT in desperate situations with unfilled RH promises.**

"Every time I call the office, they tell me that my file will be sent to the title company in 1 or 2 weeks and this has been going on for 1 year now. ... I am only getting \$900 from Social Security Income, my rent is \$900, I do not have any extra money to pay for my food and medication."

**If you have talents or resources that could help us in our advocacy for justice for RH applicants, please contact me at [mehrlich8@yahoo.com](mailto:mehrlich8@yahoo.com).**

Best wishes,

Melanie Ehrlich

Founder, Citizens' Road Home Action Team (CHAT)

<http://chatushome.com>