

Dear Concerned Citizens,

CHAT News 10/11/08 Applicant Corrections?, Paybacks on the Rise, Appeals Fall Far Short, Taxes

## **1. Ignoring Data From Applicants To Correct Mistakes: New Legislative Audit: lack of applicant input to correct wrong data in files**

The Legislative Auditor is now reviewing applicants' files but continues the error of assuming that the documentation in applicants' files is correct and complete.

This is not so for many applicants who have had gross errors made in the determination of insurance deductions, penalties for no insurance when the applicant had insurance, wrong estimated damage determinations (such as the inclusion of areas that did not constitute living space in total square footage for determining if the damage was greater than 50% and those with one-story or camel-back homes near levee breaches who had 8 ft. of water in their houses for over three weeks determined to be less than 50% damaged), increasing signs of inaccurate data used in the compensation allowance documents, and even mixups assigning the wrong house to people. We have independent complaints from multiple applicants for each of these points. In addition, ICF personnel have independently verified these problems for us. The problems with files lacking incomplete information, including documents provided by applicants and lost or deleted by ICF has been compounded by not complying with document requests from applicants. The legislative audit review as designed will not correct these mistakes, many of which were uncorrected in the inconsistent "appeals" and dispute resolution in place.

For example, the new audit mandating the following is inadequate and just will re-enforce bad data that was used for an incorrect result:

*"Verify that the estimated cost of damage (ECD) used in calculating Road Home benefit is supported by a compensation allowance document*

*Verify the homeowner's insurance amount used in calculating Road Home benefit is supported by a settlement statement or a data feed from the data warehouse"*

A review of files has to include allowing applicants who have unresolved or unfavorably resolved disputes or appeals as documented by the JIRA record a chance to make sure that their file is complete and includes documentation from them, as appropriate. HUD has explicitly allowed documentation from applicants in its beginning rules for the program.

**HUD Federal Register\* "There will be cases in which the homeowner believes the standard assessment does not accurately reflect the pre-storm value, due to unaccounted structural improvements or other factors. In such cases, homeowners will be able to appeal the valuation by presenting a valid alternative assessment or other evidence."**

\*[http://911review.org/Hurricane\\_Katrina/La/Louisiana\\_Recovery\\_HUD.html](http://911review.org/Hurricane_Katrina/La/Louisiana_Recovery_HUD.html) / Volume 71, Number 29 [Docket No. FR-5051-N-01] 2006

LRA should immediately re-instate its short-lived reform of accepting and evaluating all certified appraisals presented by homeowners contesting the pre-storm value used to calculate their grant? For example, we know that some certified appraisals in applicants' files from Nov. – Mar. (when the reform was revoked without publicity) were ignored.

## **2. Beware Demands for Paybacks For RH “Mistakes” and Rule Changes**

### **Legislative Audit and Paybacks**

One of the major objects of this audit review seems to be to get more paybacks from applicants without giving applicants a chance to correct mistakes in their file and without the promises of Paul Rainwater, Director of the LRA.

Here is a quote from a May 6 newspaper article.

As for collecting overpayments, Rainwater said, "We are going to be compassionate," promising not to have contractors or state employees harassing "people who are not able to pay."

<http://www.nola.com/timespic/stories/index.ssf?/base/news-6/1210051303253650.xml&coll=1>

In this article, there is also the following statement.

**“Rainwater said he wants the new process to cut appeals to 30 days, with significantly more involvement by arms of the state.”**

**“Road Home efforts to recover overpayments will not create hardships”**

**[CHAT Comment- Not from what applicants tell us!]**

by David Hammer, The Times-Picayune Tuesday April 01, 2008, 8:03 PM

He said the LRA will work to make sure homeowners' due-process rights are protected and that people who already spent an excessive grant on rebuilding are given a chance to repay the money gradually.

Also, he said the state will pursue waivers from the U.S. Department of Housing and Urban Development that would let the Road Home eat costs of overpaying certain elderly or disabled homeowners who were overpaid because of contractor error and have spent the money.

"We're still writing the policy on how this should work, but we are ensuring that this process has checks and balances in it," said Rainwater, who took over his post in January and was immediately given expanded powers by Gov. Bobby Jindal to make the Road Home easier for consumers to navigate.

## **3. Why Is It Taking So Long For You To Get Your Elevation Incentive Award?**

The major reason seems to be that LRA is looking for “overpayments.” This search for paybacks from applicants for RH “mistakes” and rule changes is itself error-filled. We know that one applicant was asked to pay back money for a shortchanging mistake that he disputed, and he had won his dispute. He had to rehash this all over again to prevent RH from demanding a wrong payback and to get his elevation grant. This happened to a CHAT member who is very knowledgeable about the program. To how many people is that happening behind closed doors.

RH won't let all applicants who had a dispute resolution or unsuccessful (or dead-ended) appeal correct mistakes in their files. But the contractor continues to ratchet up their take of RH money by compounding their own shortchanging mistakes.

Why is the Legislative Auditor and the LRA not working for the good of the applicants and the goals of the program imposed by Congress?

#### **4. The New Appeal Rules**

See our website <http://chatushome.com> for the full rules that we have not yet been able to convince LRA to post. This is more black box work and nontransparency.

Here are some tidbits of explanation from these densely written rules.

A. Unfortunately, if you didn't close on your grant and you objected to a calculation for your grant, there is still a pre-appeal with your case worker (or so-called PAL) that can take up to 60 days to try to resolve your dispute.

B. After that pre-appeal or if you are appealing after closing, Road Home has 60 days from when they received your appeal to give you their official decision in writing.

**In other words RH has up to 120 days (4 months) to give you an appeal decision if you appeal before closing and 60 days if you appeal after closing. (See green quote from Mr. Rainwater, above).**

Several good features of the new rules are as follows.

C. If you have an ongoing appeal, your appeals advisor should call you within 15 days of receiving your appeal request and give you a chance to add information to your file that is missing or wrong. You can do this by fax or letter.

D. During the appeal process, Road Home has to call you every 15 days from when they got your appeal letter to open up that black box and give you updates and a chance for feedback.

**IF RH IS NOT FOLLOWING THE GOOD ASPECTS OF THE NEW RULES PLEASE WRITE TO US A [CHATLRA@YAHOO.COM](mailto:CHATLRA@YAHOO.COM) AND PUT “APPEALS RULES” IN THE SUBJECT**

E. As to giving applicants their files, all the rules state is that they will get a packet from the appeals advisor that “will contain all information from the homeowner’s file used to determine their compensation.”

This is more slight-of-hand, black-box treatment of applicants, in this case with the appearance of transparency. If there are several home valuations, according to the above wording, RH only has to show you the one they used (however inferior in quality it may be) and not the others in your file.

**We know from ICF staff that for estimating the damage costs, which are important if RH said that your house was less than 51% damaged, sometimes the Home Evaluation Protocol (CAD report, [http://road2la.org/Docs/policies/Protocols\\_Estimating\\_Replacement\\_Housing\\_Costs\\_070908.pdf](http://road2la.org/Docs/policies/Protocols_Estimating_Replacement_Housing_Costs_070908.pdf)) and other times all those complicated rules for estimated damage were ignored and just information from your insurance company was used.**

**You need to be able to see your whole file to get some real insights into your grant calculation, including JIRA notes.**

**LRA is making rules that hide information that you need to see and that prevent you from giving information you should be able to give (see the HUD quote above).**

F. You get a second chance at appeals if you write to them that you disagree with their decision. However, the Appeals advisor has 10 days to send your appeal to the State Review Panel. Within 60 days of getting your letter, the State Review Panel has to give you a decision in writing.

That means up to an extra 70 days total for the State Review.

So if you appeal before closing, it can be 120 + 70 days or 190 days (more than 6 months!) before you get a response from the State Review Panel.

**It is totally unfair that the State Review Panel does not have to contact you at all for your input before making its decision. A member of the panel can call EITHER “the Appeal Advisor or the homeowner to get additional information.”**

Who is on the state panel? 6 staff from the state (are they unbiased about the program they run?) and supposedly ad hoc members of the legislature (we are unaware that any have been invited to join).

Who has to approve the final decision? Mr. Rainwater, Director of Disaster Recovery and of the LRA

Who conducts the initial appeal? As far as we can determine, Quadell a subcontractor is in charge of at least some of these appeals.

Just one of the comments we received this week about the new appeals rules favorable to applicants being ignored follows.

*“Just read the State Appeals Process -- is that a cruel joke? I am going through my 3rd appeals process and have out lasted 5 PALs who keep getting removed from their jobs! Extremely frustrated since filling in December 2006.”*

## **5. Taxes**

IRS issues rules on storm grants

Steps spelled out to ease tax burden Saturday, October 11, 2008By Kimberly Quillen

The Internal Revenue Service on Friday issued much-anticipated guidelines that outline how Road Home recipients should amend their 2005 tax returns to avoid paying taxes on their grant money.

<http://www.nola.com/timespic/stories/index.ssf?base/money-1/122370250327830.xml&coll=1>

Any CPA who would be so kind as to clarify the issues for CHAT members, please write to [chatlra@yahoo.com](mailto:chatlra@yahoo.com) and put “Explanation of RH taxes” in the subject.

## **6. COX 10 showing of the Sept. 27 RH Report Card Meeting**

The 2-hour **Sept. 17 CHAT meeting** has been/will be shown on:

**Sun., Sept. 21, 8 AM; Mon., Sept. 22, 4 PM ; Fri., Sept. 26, 2 PM ; Sat., Sept. 27, 3 PM; Sun., Sept. 28, 1 PM; Mon., Sept. 29, 8 AM; Wed., Oct. 1, 2:30 PM; Thurs., Oct. 2, 2 PM; Fri., Oct. 3, 8 AM; Mon., Oct. 6, 3 PM; Fri., Oct. 10, 2 PM; Sat., Oct. 11, 3 PM; Sun., Oct. 12, 1 PM; Mon., Oct. 13, 8 AM; Tues., Oct. 14, 4 PM; Fri., Oct. 17, 8 AM**

## **7. Next CHAT Meeting and the Presidential Candidate Debates**

The people who scheduled the Presidential candidate debates made two major mistakes.

They did not chose New Orleans as one of the venues and

they overlapped a CHAT meeting!

- So, given the importance of these debates compared to often fallacy-filled candidate ads, the next CHAT meeting will end at 7:30 so y'all can get home to watch or listen to the debate.
- The CHAT meeting starts at Wed. 6:30, UNO
- **(Place: Room 179, UNO Milneburg Hall,** on Milneburg Rd. (the road where the brand new dorms are, past the stop sign and the University Center and opposite the Fitness Center.  
Building #24: [Directions to the Business Bldg are given on the Campus Map for UNO](http://www.uno.edu/university/maps/pdf/maincampusmap.pdf) <http://www.uno.edu/university/maps/pdf/maincampusmap.pdf>)

Best wishes,

Melanie Ehrlich  
Co-Chairman, Citizens' Road Home Action Team