



U.S. SMALL BUSINESS ADMINISTRATION  
WASHINGTON, D.C. 20416

August 9, 2012

The Honorable Jaime Herrera Beutler  
Member, U. S. House of Representatives  
General O.O. Howard House  
750 Anderson Street, Suite B  
Vancouver, Washington 98661

Dear Representative Beutler:

Thank you for your inquiry on behalf of Mr. Gene and Mrs. Susan Gonzales regarding their request for assistance with their U. S. Small Business Administration (SBA) disaster business loan.

According to Agency records, on April 2, 2008, SBA approved a disaster business loan to the Gonzales in the amount of \$45,100 which was subsequently increased to \$144,900. This loan was approved with the following terms: an annual interest rate of 4.0 percent, a monthly payment of \$706, and a repayment period of 30 years. This loan is secured by two parcels of real property in Centralia, Washington. As of August 9, 2012, this loan had a total outstanding balance of \$134,634.22.

Based on the Gonzales' letter to your office, they are concerned with the offset of their Federal income tax return to the benefit of their SBA loan. When a loan is severely delinquent, the Debt Collections Improvement Act of 1996 requires SBA to refer such debts to the U.S. Department of Treasury for further collection efforts. These collection efforts include the offsetting of any Federal income tax refunds. In this instance, given the delinquency of the Gonzales' loan, their Federal income tax refund was offset for application to reduce their SBA loan. In addition, pursuant to SBA standard operating procedure, these proceeds were applied to their loan as a principal reduction and did not advance the next payment due date.

While the SBA must protect the interests of Federal taxpayers to ensure disaster loans are repaid in a timely manner, the Agency is willing to work with borrowers that are experiencing financial difficulties. In the current situation, it is noted that SBA records indicate that the Gonzales have entered into a mutually agreeable workout plan with SBA for repayment of their disaster loan. If Mr. and Ms. Gonzales have any questions regarding their loan, they may contact Ms. Eileen McCready of the SBA's National Disaster Loan Resolution Center (NDLRC) at (714) 564-2832.

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We appreciate your support of the SBA and the Washington small business community. If you and your staff have any further questions, please contact the SBA Office of Congressional and Legislative Affairs at (202) 205-6700.

Sincerely,

John A. Miller  
Director  
Office of Financial Program Operations

cc: Eileen McCready, SBA NDLRC