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# United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

WASHINGTON, DC 20510-6350

February 8, 2006

The Honorable Hector V. Barreto  
Administrator  
U.S. Small Business Administration  
409 Third Street, SW  
Washington, D.C. 20416

Dear Administrator Barreto:

As you know, Hurricanes Katrina and Rita destroyed or damaged thousands of businesses throughout the Gulf region, and countless business owners have been displaced. In Louisiana alone, over 18,700 businesses were catastrophically destroyed and 365,200 residents were left homeless. As local businesses begin to rebuild from these disasters, we would like to ensure that they are given all due consideration, both in terms of federal contracts and business assistance, so that they can contribute to the recovery and continued prosperity of their impacted communities.

On January 27, 2006, the SBA issued a Presolicitation Notice (Reference Number 6700050Q0063) for loss verification services for Hurricanes Katrina and Rita in Alabama, Louisiana, Mississippi, and Texas. From this notice, we understand that the Small Business Administration (SBA) will be seeking proposals for contractors to perform Disaster Loan loss-verification services for homes and businesses damaged by Hurricanes Katrina and Rita.

This is certainly a welcome step as we believe that the SBA was unable to respond to initial needs on the ground in the Gulf Coast. This is why we asked you in the November 8, 2005 hearing to support a proposal by the American Bankers Association and members of Congress to pay SBA's lending partners to process disaster loans. Although the SBA has picked up the pace as of late, six months have passed since Katrina and Rita hit the Gulf Coast and many businesses and homeowners are still waiting for loss verifiers to inspect their damaged properties. Others are still awaiting word from a loan processor. According to the SBA's own data, as of February 7, 2006, out of 48,000 applications from business owners, 40 percent are still waiting to be processed, and out of 320,000 applications from homeowners, 50 percent are waiting to be processed. More than 100,000 applications have been denied.

Given these facts, it is more important than ever to 'think outside of the box,' beyond the Go-Loans and Lend-A-Hand Initiative, to come up with viable solutions to expedite loss verification and loan processing to provide these struggling businesses and homeowners with some measure of certainty. Congress and lending experts told SBA these initiatives were unworkable and insufficient to speed access to capital, and that feedback has been proven true.

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Repeating our past requests and suggestions to enlist SBA's lending partners, we want to know whether local banks, credit unions, and other qualified small businesses, will have the opportunity to be considered for these SBA contracts. To the maximum extent practicable, we would like the SBA to give priority ranking/scoring to applications from banks, credit unions, and small businesses in the affected areas in Alabama, Louisiana, Mississippi, and Texas. We also request that you provide us with detailed information on SBA recruiting and marketing for these service contracts and on whether SBA intends to conduct additional outreach to ensure local financial institutions and businesses are aware of this notice. Last, as the solicitation states that the SBA reserves the right to make multiple awards from this contract, we request that the SBA set aside awards from this contract for local small businesses, banks, and credit unions in the Disaster Area.

Please provide a written reply to this inquiry by February 14, 2006. A timely response is necessary because the period of performance for these contracts is March 1, 2006 to September 30, 2006, and we would like to provide local businesses and financial institutions enough time to compete for these contracts.

Thank you in advance for your assistance with this request.

Sincerely,

  
Mary L. Landrieu

  
John F. Kerry