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New Low-Cost Option Available for Businesses Disputing SBA Pandemic Loans

By Peter Mancini, Esq. & Yabriami González Feliciano

Frost Law offers an efficient, high-value option to help businesses challenge EIDL loan collections

For businesses discovering their Small Business Administration loan has been referred to the Treasury Department for collection, they may want to file a dispute. Given the surge of activity involving these Economic Injury Disaster Loans (EIDL), Frost Law is offering a limited-scope engagement option to help businesses challenge the collection activity at a lower, fixed cost.

Disputing EIDL loan disputes after a Treasury referral

Earlier this year, the SBA referred some 500,000 delinquent COVID-19 EIDL loans to Treasury for collection. As discussed in our earlier article, a referred loan is handled under the Treasury's Cross-Servicing program, and a borrower who disagrees with the debt generally files a dispute with Treasury rather than appealing to the SBA.

Borrowers commonly dispute:

- Whether they owe the debt; for example, challenging if their business was the borrower or if an owner was a guarantor;
- Whether the balance is correct or payments were misapplied at SBA; or
- Whether the SBA followed all laws and regulations before transferring the loan. In other words, did the SBA provide advance, written notice by mail to the borrower and guarantor, if any?

Disputes should be filed in writing and supported by documents and records. Keep in mind that interest may continue to accrue while a dispute is pending. Filing a dispute does not automatically stop all collection actions, including collection through the Treasury Offset Program, which can withhold federal payments owed to the borrower. However, a request to suspend collection actions under regulations is possible when a debt review has been requested.

Info@AskFrost.com



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Frost Law is working with numerous clients struggling with delinquent pandemic-era EIDL. You can contact our team about limited-scope and other options to help with EIDL loans by calling (410) 497-5947or using our contact form.

How businesses could benefit from a limited-scope representation:

Where a borrower (or guarantor) wants to have an attorney draft and file a dispute over an EIDL only, Frost Law's limited-scope representation option is available. The limited-scope option covers preparation and submission of a dispute, along with a 45-minute teleconference to review the dispute, what may come next, and suggested next steps. This process includes:

1. Reviewing of your notices to identify the issues to raise.
2. Discussing your summary facts and circumstances to understand your situation.
3. Preparing your dispute letter.
4. Having a 45-minute call to go over the paperwork with you.
5. And sending your dispute letter to your debt collector or the Treasury depending on which group is overseeing collecting the debt.

What limited-scope dispute services do not include

In the final step of the limited scope work, Frost Law will make sure the debt collector or Treasury knows the paperwork has been submitted by you. After your dispute is sent forward to the appropriate agency, you handle the rest of the process yourself.

Businesses also have other options available.

Frost Law Service Options for EIDL Issues

Option	Best for
Consultation	Borrowers who want to understand where they stand and what options may be available
Limited scope (dispute-only)	Borrowers who want an attorney's help with preparing and filing their dispute but can manage all follow-up themselves
Full representation	Borrowers who want us to handle the matter from start to finish under a $5,000 retainer

Limited-scope service costs less than the $5,000 open-ended retainer and is a fixed amount paid upon engagement. The amount varies depending on the situation.

Who limited-scope dispute help is designed for

This option may suit businesses in situations where they:

- Received a Treasury collection notice and believe there is a mistake.
- Want an attorney to help with your dispute before you file.
- Will handle follow-up with the government on their own.

Full representation may be more appropriate for businesses expecting to need an attorney throughout the process, or if the situation involves lawsuits, judgments, or multiple loans. Our SBA Loan Debt Relief page for EIDL and PPP loans has more information on the options available.

For those choosing the limited-scope option, there are several factors to keep in mind. After filing, the business is responsible for monitoring the dispute. Frost Law does not follow up or respond to the debt collector or Treasury, or handle an appeal or negotiations. Under the limited-scope option, our engagement ends when the dispute is sent in. And like any situation, results are not guaranteed.



Requesting Your SBA COVID EIDL Administrative File

We recommend that borrowers also request their SBA administrative loan file through a Freedom of Information Act ("FOIA") request at the same time as the dispute. These records may provide additional insight into why your loan was transferred and if the government followed all its laws, regulations, and procedures prior to transferring your EIDL for collection.

Contact us

If you have an EIDL loan currently at Treasury, have received a garnishment or offset notice, or have other questions, contact our team to schedule a consultation at **(410) 497-5947** or through our **contact form**.

Frost Law is working extensively on COVID EIDL issues. There's been increasing activity in this area in recent months after the SBA sent hundreds of thousands of these delinquent pandemic loans into the Treasury for collection. To help borrowers understand what they face, Frost Law has written a series of articles covering the loan program. Explore the rest of the series here:

- Overlooked: Nearly A Half-Million Delinquent SBA Loans Sent To Federal Collection Process and Private Debt Collectors
- Frost Law Alert: SBA Loan Holder Rights May Have Been Violated When Debts Sent to Treasury for Collection
- Silver Lining For Small EIDL Borrowers With SBA Loans: Closing Your Business Doesn't Mean Financial Ruin
- SBA EIDL Loans Sent to Treasury: What Borrowers Should Know
- Businesses With an SBA EIDL Loan Between $25,000 AND $200,000 May Still Have Assets at Risk
- SBA EIDL Loans Over $200K: The Personal Risk for Business Owners That Can Be Overlooked
- Got a COVID-19 EIDL Loan? The Government Can Garnish Wages or Social Security; Here's What to Do
- An EIDL Loan Sent to Treasury Can Come Back to the SBA. Here's How Frost Law Made That Happen to Help Businesses
- When EIDL Autopay Goes Silent: Some Borrowers Say Payments Stopped Without Warning, and Treasury Collection Can Follow
- New Low-Cost Option Available for Businesses Disputing SBA Pandemic Loans

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