

U.S. Small Business Administration

Supplemental Loan Guaranty Agreement
Patriot Express

_____ (“Lender”) and the U.S. Small Business Administration (“SBA”) enter into this Supplemental Loan Guaranty Agreement (“Agreement”) this _____ day of _____, 20__ to establish the terms and conditions for Lender’s participation in the Patriot Express Pilot Loan Initiative (“Patriot Express Pilot Loan Initiative”).

WHEREAS, SBA has authorized Lender to participate in the 7(a) Program, a Federal program in which SBA guarantees certain loans made by lenders under section 7(a) of the Small Business Act, and the SBAExpress Program, and has ___ or has not ___ authorized Lender to participate in the Preferred Lenders Program, which are subprograms of the 7(a) Program; and

WHEREAS, SBA, in exchange for Lender’s agreement to comply with the terms and conditions in this Agreement, desires to authorize Lender’s participation in the Patriot Express Pilot Loan Initiative, in which lenders may utilize streamlined documentation and expedited loan procedures to make loans to certain members of the Nation’s military community (“Patriot Express Loans”).

WHEREAS, Lender desires to participate in the Patriot Express Pilot Loan Initiative in compliance with the terms and conditions set forth herein.

For valuable consideration, the parties to this Agreement agree as follows:

1. Agreement is Supplemental

This Agreement supplements the Loan Guaranty Agreement, SBA Form 750, between Lender and SBA. All of the provisions of SBA Form 750, and the provisions of the Small Business Act, 15 U.S.C. 631, *et seq.*, SBA Regulations, SBA Standard Operating Procedures, SBA official Notices, and the Patriot Express Pilot Loan Initiative Procedural Guide, all of which may be amended periodically (collectively “Participating Lender Rules”), and all of which are incorporated by reference into this Agreement, remain in effect, except as expressly modified by this Agreement.

2. Lender Agreements

Lender agrees that it will not make any Patriot Express Loan unless the loan meets the conditions for the Patriot Express Pilot Loan Initiative set forth in the Federal Register notice at 72 FR 34502, June 22, 2007 and in the Patriot Express Pilot Loan Initiative Procedural Guide. Currently, these conditions include the following:

a. Loans under the Patriot Express Pilot Loan Initiative will be limited to businesses that are 51 percent or more owned by one or more persons in the following groups:

- Veterans (other than dishonorably discharged).
- Service-Disabled Veterans.
- Active-duty military personnel eligible for the military's Transition Assistance Program (TAP), which is applicable to potential retirees within 24 months of discharge.
- Reservists and National Guard members.
- Current spouse of above and the widowed spouse of a service member or veteran who died during service or of a service-connected disability.

b. Lender will make no Patriot Express Loan over \$500,000.

c. Although it is generally expected that lender will take collateral on all loans where this is consistent with the lender's own policies and prudent lending standards, lender must take all available collateral for loans greater than \$350,000.

d. A lender may charge up to 2.25 percent over the Prime rate for maturities under seven years and 2.75 percent over Prime for maturities of seven years or longer. The rates can be two percent higher for loans of \$25,000 or less and one percent higher for loans between \$25,000 and \$50,000.

e. Lenders will document each borrower's eligibility using approved Department of Defense or Veterans Administration documentation and that documentation must be furnished to SBA with any request for purchase of the guaranty.

3. Lender's Patriot Express Authority

Lender may issue an SBA guaranty for any loan approved under Patriot Express procedures ("a Patriot Express Loan") without prior SBA credit approval by executing a Patriot Express Authorization, provided:

- a. The loan complies with the Participating Lender Rules;
- b. SBA reviews the loan for eligibility and assigns it an SBA loan number; and
- c. By executing the Patriot Express Authorization, Lender agrees to comply with all provisions contained therein.

4. Review of Lender

Lender agrees to pay to SBA fees to cover costs of examinations and reviews and, if assessed by SBA, other lender oversight activities.

5. Changes in Lender Structure or Operations

Lender must notify SBA in writing if its structure or operations change significantly during the term of this Agreement.

6. Suspension or Revocation

SBA may suspend or revoke Lender's eligibility to participate in the Patriot Express Pilot Loan Initiative by 15-day written notice to Lender, setting forth the reasons, which may include failure to comply with or unsatisfactory performance of any of the requirements in the Participating Lender Rules. As of the date of the notice of proposed suspension or revocation, Lender will no longer be permitted to make any loans under the Patriot Express Pilot Loan Initiative. Lender may file a written objection to the suspension or revocation within the 15-day period as provided in the Patriot Express Pilot Loan Initiative Procedural Guide, but the suspension or revocation will become final if Lender does not timely object or if SBA, upon review of the objection, decides to make the suspension or revocation final and notifies Lender of this decision. Suspension or revocation will not affect the rights, duties and obligations of Lender or SBA with respect to Patriot Express Loans that were authorized and disbursed prior to the date of SBA's initial notice.

7. Other Remedies

SBA may also protect its rights under this Agreement by denial of guaranty, other administrative actions, judicial remedies, and any other action authorized by law.

8. Term of Agreement

This Agreement will end _____ years from the date of execution.

9. Notices

The parties must transmit any notice under this Agreement in writing by personal delivery or certified mail, postage prepaid, return receipt requested to:

SMALL BUSINESS ADMINISTRATION
Sacramento Loan Processing Center
501 I Street, Suite 12-100
Sacramento, CA 95814-2322
Attn: Richard Taylor, Center Director

LENDER

or to any other person or address that either party designates by written notice to the other. Notice will be effective on receipt or three days after mailing, whichever is first.

10. Interpretation of Agreement

a. This Agreement and the Form 750 are the entire agreement between the parties.

b. This Agreement supersedes all oral agreements and understandings regarding the subject matter in this Agreement.

c. All provisions in this Agreement are severable.

d. If any provision of this Agreement is found invalid or unenforceable, the other provisions will not be affected.

e. Lender or SBA may choose not to insist on strict compliance with a provision of this Agreement. This will not mean that Lender or SBA waives the provision.

f. Lender and SBA must agree in writing to any change in the Agreement.

g. Federal law will govern this Agreement.

h. Initially capitalized terms used but not defined in this agreement will have the meanings given them in the Patriot Express Pilot Loan Initiative Procedural Guide.

11. Successors and assigns.

This Agreement does not apply to successors and assigns of Lender.

IN WITNESS WHEREOF, the parties execute this Agreement as of the above date.

U.S. SMALL BUSINESS ADMINISTRATION (Name of Lender)
Director for LENDER
Financial Assistance: Grady B. Hedgespeth

By: _____
Richard Taylor
Sacramento Loan Processing Center Director

By: _____
(Authorized Signature)

(Name Printed)

(Title)