



Remarks For

The Hon. Steven C. Preston  
Administrator  
U.S. Small Business Administration

Announcing the

**PATRIOT EXPRESS PILOT LOAN**

Washington, DC

June 13, 2007  
11:00 a.m.

Thank you, Joel, and all of you for joining us today. As I look out over the room, I am thrilled to see so many people of such stature, because it is an indication of your desire to serve those who have served all of us so bravely and ably.

It's fitting we come together today, on the eve of National Flag Day. In his proclamation, President Bush said, "Flying the flag can be an expression of thanks for the men and women who have served and sacrificed in defense of our freedoms -- from the early patriots of the Continental Army to the courageous Americans in uniform who are defending those freedoms around the world today." And support for service members is something which unites all Americans: it's not a partisan issue. I commend Senator Kerry for his interest in veterans' concerns. The first hearing he led as Chairman of the Senate Committee on Small Business and Entrepreneurship was to discuss the small business concerns of veterans.

In that spirit, we are here today to honor and support the men and women of our armed services, veterans, and their spouses, with the launch of SBA's new Patriot Express Loan Pilot.

The reach of our extended military community is enormous: There are about 1.2 million men and women on active duty in the armed forces, and 1.8 million in the Reserves and National Guard. Of that total, 1.5 million have been deployed to Afghanistan or Iraq since the war on terror began.

Every year, almost 200,000 active duty personnel and 100,000 Reservists and National Guard members are honorably discharged. There are nearly 25 million veterans in America today.

Veterans are a very important part of America's small business success. About 15 percent of veterans are self-employed, and about the same percentage of small businesspeople are veterans. When you consider that half of the nation's non-farm GDP comes from small businesses, and that small business accounts for two-thirds of new jobs, the drive and persistence of veterans are making a huge contribution to the strength of America's economy.

SBA has been active on many fronts to support America's veterans.

- We are working with various federal agencies to increase contracting opportunities for service-disabled and other veterans.
- We have increased our surety bond guaranty for veterans.
- Our resource partners -- the Small Business Development Centers, SCORE and Veterans' Business Outreach Centers -- have targeted veterans, service-disabled veterans and Reservists in their counseling programs.
- SBA offers low-interest, long-term disaster loans to small businesses owned by activated reservists and those that employ reservists.

- We guarantee approximately 8,000 veterans' business loans totaling more than \$1 billion annually.

Even with these programs, SBA recognized the need to do more for veterans and has been working hard on numerous fronts to do just that.

- We have expanded our local outreach efforts through the district offices to coordinate more effectively with state and local groups serving veterans. I have redirected funds to expand our outreach to veterans this year, and the President's 2008 budget requests additional funds for veterans' outreach and counseling assistance.
- We've also increased our outreach through third parties such as Buzgate and Military.com, and through military organizations by me, our Deputy Administrator, and other senior SBA leaders.
- We've increased the size of the Office of Veterans' Business Development by 50 percent.
- We're working with a major corporate co-sponsor to set up veterans' business matchmaking events.

- As a result of some personal collaboration between Secretary of Labor, Elaine Chao, and me, across the rest of the year, we will be participating in over 100 Department of Labor job fairs for veterans.

In March the President established the Task Force on Returning Global War on Terror Heroes, on which I had the honor of serving. Chaired by the Secretary of Veterans Affairs, Jim Nicholson, the Task Force was charged with improving the delivery of federal services and programs to service members and veterans. Under Secretary Nicholson's strong leadership, we listened hard to the needs of veterans and the military community. Today's announcement is a key part of our augmented support of those communities.

So it is with tremendous pleasure that I announce SBA's Patriot Express Loan Pilot. Let me take you through the highlights of the initiative.

First, it provides opportunity to more members of the military community than our other programs: Veterans, active duty personnel who are in the military's Transition Assistance Program, and all Reservists and National Guard members, are eligible for Patriot Express. In addition, the spouse of any of the above communities, or the widowed spouse of a service member who died while in the service, or of a service-connected disability, are also eligible to participate in Patriot Express.

With respect to the loan product itself, we've been able to put together the best parts of our 7(a) loan program (a higher guarantee and lower maximum interest rate) and our SBA Express product (simplified processing and greater availability), to create the most compelling and attractive product available through the SBA.

Patriot Express loans can go up to \$500,000 – well above the SBA Express maximum of \$350,000. Because it is an Express loan product, lenders and borrowers benefit from expedited and streamlined processing, meaning they will get an answer in most cases in a day or so. In addition, many of our largest lenders participate exclusively or primarily through our Express programs. By making Patriot Express a companion to SBA Express, we dramatically expand the points of access for veterans and thus our ability to support them.

Unlike SBA Express, which carries a 50 percent guaranty, the loans will carry an 85 percent SBA guaranty for loan amounts up to \$150,000, and then a 75 percent guaranty from \$150,000 to \$500,000. That provides lenders with the support they need to reach further in extending capital to vets.

Another advantage of Patriot Express is that it will have the same maximum interest rates of SBA's regular 7(a) loans, which are lower than SBA Express, by approximately 2-3 percent.

For example, a \$100,000 loan for 6 years at the maximum SBA Express interest rate of 4.5 percent over prime would total approximately \$143,580 in payments. The same loan for the same term under Patriot Express would be limited to 2.25 percent over prime providing savings of almost \$8,400 over six years to the borrower.

All PLP and SBA Express lenders with satisfactory loan performance will be eligible to participate in the Patriot Express Pilot Loan Initiative – that’s almost 2,000 financial institutions nationwide– banks, credit unions, and non-bank lenders. I think we’ve created a compelling product for them and that’s going to help us all reach a large number of aspiring and current military community entrepreneurs. We are really looking forward to working with them, once SBA begins processing requests for loan guarantees under Patriot Express on June 28th.

I want to thank all of our partners – the lenders, vets’ associations and our own resource partners – for your service to the military community and your consistent partnership with us in this area. We look forward to working with all of you to maximize our collective ability to serve these Americans.

The SBA is proud to be aiding America’s heroes. It’s a privilege to be supporting these brave men and women and their spouses as they move

ahead in realizing their dream of owning a business. Thank you all for joining us today.

Now, let me welcome Captain James Montgomery of the U.S. Coast Guard.