



Backgrounder

PRESS OFFICE

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SBA Patriot Express Pilot Loan Initiative

What is the SBA Patriot Express Pilot Loan Initiative?

The U.S. Small Business Administration has announced the SBA's Patriot Express Pilot Loan Initiative (www.sba.gov/patriotexpress) for veterans and members of the military community wanting to establish or expand small businesses.

Eligible military community members include:

- Veterans
- Service-disabled veterans
- Active-duty service members participating in the military's Transition Assistance Program
- Reservists and National Guard members
- Current spouses of any of the above
- The widowed spouse of a service member or veteran who died during service or of a service-connected disability

The SBA and its resource partners are focusing additional efforts on counseling and training to augment this loan initiative.

What are the loan details?

The new SBA Patriot Express Pilot Loan Initiative is a 7 (a) loan initiative offered by SBA's widest network of lenders nationwide and features our fastest turnaround time for loan approvals. Loans are available up to \$500,000 and qualify for SBA's maximum guaranty of 85 percent for loans of \$150,000 or less and 75 percent for loans over \$150,000 up to \$500,000. For loans above \$350,000, lenders are required to take all available collateral.

The Patriot Express loan can be used for most business purposes, including start-up, expansion, equipment purchases, working capital, inventory or business-occupied real-estate purchases.

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Patriot Express loans feature SBA's lowest interest rates for business loans, generally 2.25 percent to 4.75 percent over prime depending upon the size and maturity of the loan. The Patriot Express Pilot Loan Initiative will operate through December 31, 2010, after which the SBA will evaluate its performance and make a decision whether to modify and/or continue the initiative. Local SBA district offices will have a listing of Patriot Express lenders in their areas.

Where does a vet or member of the military community begin to seek guidance and counseling or a loan?

Those eligible who have an idea for a business, can use a simple self-assessment device to evaluate whether their dream of starting a business can become reality. The *Checklist for Starting a Business* (<http://app1.sba.gov/survey/checklist/index.cgi>) is a comprehensive tool designed to prepare for self employment by analyzing the participant's responses in key areas and providing a menu of supporting resources.

How will this loan initiative operate?

The Patriot Express Pilot Loan Initiative will adopt many of the streamlined documentation and expedited processes and procedures of SBA's highly successful SBAExpress loan program; however, there will be several critical differences. SBA's guaranty of up to 85 percent will apply to Patriot Express loans of \$150,000 or less and its guaranty of up to 75 percent will apply to Patriot Express loans above \$150,000, which contrasts with the maximum 50 percent SBA guaranty that applies to all SBAExpress loans. Also, the maximum loan amount under Patriot Express Pilot Loan Initiative is \$500,000, compared to the maximum loan amount of \$350,000 available under SBAExpress. Lenders must use their existing prudent collateral practices for Patriot Express loans. For loans above \$350,000, lenders must obtain all available collateral. Maximum interest rates for Patriot Express loans are the same as those allowed under SBA regulations for the 7(a) program, as opposed to the higher interest rates allowed under the SBAExpress program.

In addition to the standard 7(a) loan eligibility requirements, eligibility for Patriot Express loans will be limited to certain members of the military community, and lenders will be required to document each borrower's eligibility using approved Department of Defense or Veterans Administration documentation and that documentation must be furnished to SBA with any purchase request. In an effort to support a substantial segment of the military community affected by military call-ups, SBA is making the following persons eligible for Patriot Express: (1) Veterans (other than dishonorably discharged); (2) Service-disabled veterans; (3) Active-duty military eligible for the military's Transition Assistance Program for potential retirees within 24 months of separation and discharging active duty members within 12 months of discharge; (4) Reservists and National Guard members; and (5) The current spouse of the above and the widowed spouse of a service member or veteran who died during service or of a service-connected disability. However, SBA emphasizes that this definition of eligibility for the Patriot Express Pilot Loan Initiative will be limited to just Patriot Express 7(a) loans, and it will not apply to other SBA loan programs, procurement programs, etc.

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SBAExpress lenders and PLP lenders participating in the Patriot Express Pilot Loan Initiative will be required to meet and maintain the same proficiency and performance standards SBA has established for participants in the SBAExpress or PLP program. Patriot Express lenders must have satisfactory performance as determined by SBA, in its sole discretion.

SBA will allow revolving lines of credit under the Patriot Express Pilot Loan Initiative. SBA will delegate the credit decision to the lender, but will require lenders to use their existing, proven, and prudent loan practices used for similar conventional small business loans. SBA will defer to the lender's existing, prudent policy used for its non-SBA loans regarding hazard insurance and appraisals; and SBA will allow lenders to use mostly their own documents consistent with the documentation requirements for SBAExpress loans.

What other resources are available to those seeking loans?

SBA has veterans business development officers in district offices in every state and territory able to give military community members full access to the SBA's range of programs and services. What's more, there are five Veterans Business Outreach Centers located in: Albany, NY; Pittsburgh, PA; Lynn Haven, FL; Edinburg, TX; and Sacramento, CA. Find specific contact information and a listing of services at:

www.sba.gov/aboutsba/sbaprograms/ovbd/OVBD_VBOP.html .

In addition to district offices, SBA's resource partners SCORE - Counselors to America's Small Business; Small Business Development Centers; and Women's Business Centers provide local and online assistance on:

- Writing a business plan
- Financing options to start or grow your business
- Managing the business
- Expanding the business
- Selling goods and services to the government

To locate nearby SBA offices, go to www.sba.gov/localresources/index.html .

What other online resources are available?

- www.sba.gov -- SBA's Web site provides information to help participants manage their business from start to finish; expand their business with programs and services; and increase their business knowledge and productivity
- www.score.org/veteran.html -- SCORE online counselors who have expertise in supporting veteran entrepreneurs provide business advice to the military community 24/7 with a 48 hour response time.

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- www.sba.gov/reservists -- SBA's Business Planning guide for pre and post-mobilization business planning for self-employed small business owners who are members of Reserve components of the U.S. military

What if the veteran is already a small business owner?

The SBA and its resource partners have expertise to assist military entrepreneurs in:

- Preparing their business for their deployment
- Managing their business
 - Free or low-cost online training through the Small Business Training Network at www.sba.gov/services/training/index.html
 - Free business counseling at www.sba.gov/services/counseling/index.html
- Selling goods and services to the government
- Obtaining SBA financing for:
 - Patriot Express loans of up to \$500,000
 - Major fixed-asset loans to purchase land and buildings
 - Surety bond guarantees for construction contractors who are veterans
 - Equity financing matching venture capitalists with their small business
 - Export assistance programs to help their business be part of the global economyFor more information, click www.sba.gov/services/financialassistance/index.html
- Linking small business with federal agencies and private corporations to improve procurement prospects
- Contracting opportunities for veterans who own businesses at: www.sba.gov/aboutsba/sbaprograms/ovbd/index.html
- Recovering from declared disasters
 - MREIDL – Loans of up to \$1.5 million are available for small businesses sustaining economic injury because an owner or essential employee has been called to active duty as a military reservist. For more information, click on: <http://www.sba.gov/services/disasterassistance/businessesofallsizes/militaryreservistsloans/index.html>.
 - Physical Disaster Business Loans – Loans of up to \$1.5 million are available for qualified businesses to replace or return business property to pre-disaster conditions.

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