



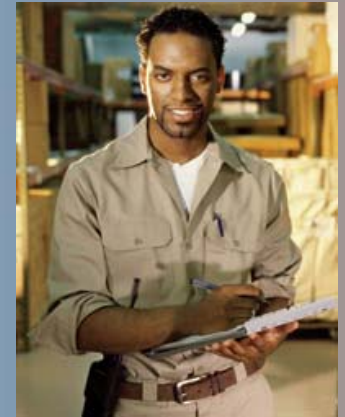
U.S. Small Business Administration

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PATRIOT EXPRESS

www.sba.gov/patriotexpress



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Montana District Office

406.441.1081

Billings Satellite Office

406.869.8421

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Background – Patriot Express

- Program was a key recommendation from the Presidential Task Force on Returning Global War on Terror Heroes
- Veterans generally make good business owners and vets proportionally have a higher degree of business ownership
- More than 14% of America's businesses owned by veterans

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Patriot Express Procedural Guide

- Download and print the procedural guide to review the program requirements

http://www.sba.gov/patriotexpress/sba_patriotexp_lenderlist.html

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Who Can Receive Patriot Express Loans?

Businesses that are 51% or more owned by one or more persons in the following groups:

- Veterans (other than dishonorably discharged)
- Service- Disabled Veterans
- Active-duty service members eligible for the military's Transition Assist. Program
- Reservists and National guard members
- *Current* Spouses (not re-married) of above
- Widowed spouses of service members or veterans who died during service or of a service-connected disability

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Lender Eligibility Requirements

- SBA Express and Preferred Lenders can make Patriot Express loans
 - *However you still must be approved and sign a new Patriot Express Supplemental Guaranty Agreement*
- Lenders may request Patriot Express authority or be nominated by District Office

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Patriot Express Loan Details

- Maximum loan amount \$500,000
- Lenders can use their forms
- Lenders use their own underwriting policies
- All loans processed centrally by Sacramento PLP Center
- Emphasis on use of E-Tran if possible

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Patriot Express Loan Details

- Lenders mostly use their own documents consistent with SBA Express requirements
- Lenders use proven, existing, prudent, loan practices for similar conventional small business loans
 - Unsecured loans up to \$25,000
- Loans Above \$350,000, lenders must obtain all available collateral

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Eligibility

Business Size (Rule of Thumb)

www.sba.gov/size

Manufacturer/Wholesale 500 Employees

– Retail 3 year average sales of \$6.5 million

- SBA Form 1920SX (Part C) will address eligibility

Note: NAICS/SIC codes can be found at

<http://www.census.gov/epcd/naics02/>

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Fees

- 75% to 85% guaranty
- 85% on loans of \$150,000 or less; 75% for loans over \$150,000 up to \$500,000.
- Guaranty Fee (on guaranteed portion only)
 - 2% on loans under \$150,000
 - 3% on loans \$150,000-\$500,000
 - Under 12 months = .25%
- Lender Servicing Fee
 - Paid to Colson Services & reported on monthly 1502 reports
 - .494 basis points
- Lender can charge a packaging fee on Patriot Express Loans , provided the fee is reasonable and is charged as a sum certain, not as a percentage of the loan amount

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Rates and Terms

- Lenders may charge 2.25% to 4.75% over prime for loans depending on the size and maturity of the loan.
- Terms same as regular 7(a) program
 - 5-7 years working capital
(max=NYP+2.25%)
 - 7-10 years mach.& equip.
(max=NYP+2.75%)
 - 15-20 years real estate (land/building)
- Revolving lines of credit (max. 7 years)

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Use of Proceeds

- May be used to:
 - Establish, expand, or purchase a business
 - Provide long term working capital
 - Purchase land building
 - Acquire equipment, machinery, furniture, fixtures, supplies, or materials
 - Revolving lines of credit allowed (max. 7 yr. term)
 - Patriot Loans cannot be used to finance more than 90% of the actual cost of any real estate being acquired or of the financing needs for a new business (this restriction does not apply to non-real estate financing for an existing business i.e. working capital or equipment)

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Patriot Express Loan

Refinance Debt

- Loan never over 30 days past due for last 36 months
- Improve current terms and conditions
- 7(a) Cash flow and reasonableness rule applies
- Can refinance existing lines of credit
- New loan does not reduce lender's existing credit exposure to the borrower
- Lender must document this in their files

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Required Forms

- **SBA Form 1919 – “*Borrower Information Sheet*”** (signed by all sole proprietors, guarantors and any individual with at least 20% ownership) - do not submit, maintain in lender loan file
- **SBA Form 1920SX (Parts A, B, & C)**
 - Submit to Sacramento at time of application
 - Part A – **SBA Express/Patriot Express Guaranty Request**
 - Part B – **Supplemental Information Sheet**
 - Part C – **Eligibility Information for Express/Patriot Express**
- **SBA Form 2238 – Patriot Express guaranty request** (for eligibility authorized lenders only)

http://www.sba.gov/patriotexpress/sba_patriotexp_lenderlist.html

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Patriot Express Loan Eligibility

- **SBA Form 1919** – Character questions 1-3
 - If answered negatively, no SBA Form 912 is required;
 - If answered affirmatively,
 - Lender **MUST** have the applicant complete SBA Form 912;
 - You may elect to process, submit, and disburse the loan **ONLY** if it was a single minor offense within the last 10 years: or
 - Several minor offenses remote in time (more than 10 years ago); or
 - A prior offense cleared on a previous application and no other offenses have occurred since that time
 - If this applies, then must submit SBA Form 912 to SBA's Office of Inspector General for a background check (see the Patriot Express Program Guide pg. 11 – for detailed 912 submission instructions)

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Patriot Express Loan Eligibility

- Lender must obtain appropriate documentation from DOD or DVA verifying veteran eligibility status and document lender loan file (including the 51% ownership requirement)
 - Copies of this documentation will be required with any request for SBA to purchase
- (see program guide for details on acceptable documentation)

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Patriot Express Loan Eligibility

- A Patriot Express loan cannot be made if applicant/principal or any associate has prior loss with the Government or defaulted on a Federal Loan that caused an agency to sustain a loss
- Floor plan financing not allowed
- A loan is generally not eligible under Patriot Express if the lender is aware the application was previously submitted to SBA under another SBA program

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Patriot Express Loan Closing

- Authorization
 - Two page document, fill in with terms and condition of the loan
 - Lender must obtain all required collateral and must meet all other required conditions before loan disbursement, including obtaining valid and enforceable security interests in any loan collateral
- These conditions include requirements identified in the loan write-up (i.e. standby agreements, appraisals, business licenses, and cash/equity injections)

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<http://www.sba.gov/aboutsba/sbaprograms/elending/authorizations/index.html>



Patriot Express Loan Closing

- IRS Verification
 - Prior to disbursement lender must have submitted Form 4506-T to IRS for verification of tax returns and documented loan file
 - IRS generally responds w/in 10 days
 - However, for SBA's expedited loan processes, including Patriot Express, lenders are authorized to close and disburse a loan immediately if disbursement is requested by borrower, but lender **MUST** follow up, secure, and verify the business financial data with IRS tax data and **MUST** document the loan file accordingly

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Patriot Express Loan Closing

- Lenders must use 1502 reporting format to timely and accurately report the status and outstanding balance of all their SBA loans, including Patriot Express, to Colson Services by the third day of each month
- All Patriot Express Lenders must remain current filing the required monthly reports in the form required by SBA and in remitting required SBA servicing fees
- For more info. on 1502 reporting go to:
<http://www.sba.gov/aboutsba/sbaprograms/elending/1502/index.html>

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Patriot Express Forms

- **SBA Form 2237 – “Post Loan Approval Application Checklist”**
 - To be used for specific servicing actions that require SBA notification after loan has been approved (pre/post disbursement)

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http://www.sba.gov/aboutsba/sbaprograms/elending/programguides/BANK_LOAN_PROG_INFO_FORMS.html

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How to Submit Applications

- Applications can be mailed, faxed, e-mailed or submitted electronically through E-Tran
- Generally receive 24 hour turnaround on faxed applications or electronic submission
- E-mail to:
sbaexpress_eligibility_questions@sba.gov

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Patriot Express Closing, Servicing and Liquidation

- Lender must close, service, and liquidate its Patriot Express Loans using those practices and procedures that the lender uses for its non-SBA guaranteed commercial loans (prudent lending practices) and be in accordance with SBA Loan Program requirements

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Patriot Express Closing, Servicing and Liquidation cont.

- Closing
 - Lender must use same closing/disbursement procedures as non-SBA loans, to include a promissory note
 - MUST complete IRS verification (IRS Form 4506-T) prior to disbursement (If business financials were not used to determine creditworthiness (as may be the case w/ credit scoring), tax transcripts are not required)
- Servicing (fsc.servicing@sba.gov) Fresno, CA
 - Procedural Notice 5000-917 outlines streamlined servicing procedures & delegated authority
 - <http://www.sba.gov/aboutsba/sbaprograms/elending/clc/servicing/index.html>
- Liquidation (fsc.servicing@sba.gov) Fresno, CA
 - Express and Patriot Express liquidations are handled by the Fresno Commercial Loan Servicing Center
 - Lender must liquidate loans with remaining collateral in excess of \$1,000
 - Lender must conduct timely site visits (within 15 calendar days of the event that caused the loan to go into liquidation status or sooner if collateral value exceeds \$5,000)

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How to Become a Patriot Express Lender

Send request in writing to:

Director

**Sacramento Loan Processing
Center**

501 I Street, Suite 12-100

Sacramento, CA 95814-2322

Ph: 916-930-2455

Fax: 202-481-5195

Sally.schimmel@sba.gov

William.costello@sba.gov

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Contacts

- For additional information contact the Montana District Office (406) 441-1081
- SBA Patriot Express Inquiries can also be directed to the SBA Express Processing Center at (916) 930-2463 or (916) 930-2459 or E-mail to:
sbaexpress_eligibility_questions@sba.gov

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