

SBA Business Loan Information For Veterans

SBA Implements New Measure to Help Get Small Business Loans Into the Hands of Veterans

The U.S Small Business Administration (SBA) has implemented a new measure to help get small business loans into the hands of veterans. This new measure sets the borrower upfront fee to zero for all veteran loans authorized under the SBA Express program up to \$350,000. This initiative started on January 1st, and will continue through the end of the fiscal year.

Of all SBA loans that go to veterans, 73 percent are \$350,000 and below. The SBA Express Loan Program, which supports loans under \$350,000, is SBA's most popular loan delivery method, with nearly 60 percent of all 7(a) loans over the past decade being authorized through the program. Since the program's inception, it has also been one of the most popular delivery methods for getting capital into the hands of veteran borrowers.

This policy announcement means that veteran borrowers will no longer have to pay an upfront fee for any loan up to \$350,000 under the SBA Express program. This will make the loans cheaper for the borrower, another way SBA is looking to serve small business owners as they look for ways to access capital.

SBA provides veterans access to business counseling and training, capital and business development opportunities through government contracts. In FY 2013, SBA supported \$1.86 billion in loans for 3,094 veteran-owned small businesses. And since 2009, the dollar amount of SBA lending support to veteran-owned firms has nearly doubled.

Guaranty Fee Reduction:

Currently, SBA Express loans of \$150,001 to \$350,000 have an up-front guaranty fee of 3%. To continue supporting America's veterans, the SBA Veterans Advantage reduces the up-front guaranty fee from 3% to 0% for SBA Express loans over \$150,000 approved

to small businesses owned by qualified veterans. This will encourage greater participation in SBA lending programs with a direct benefit to veteran-owned small businesses.

SBA Veterans Advantage Qualifications:

In order to qualify for this, businesses must be 51% or more owned and controlled by an individual or individuals in one or more of the following groups:

- Veterans (other than dishonorably discharged);
- Service-Disabled Veterans;
- Active Duty Military service member participating in the military's Transition Assistance Program (TAP);
- Reservists and National Guard Members; or
- Current spouse of any Veteran, Active Duty service member, or any Reservist or National Guard member; or widowed spouse of a service member who died while in service or of a service-connected disability.

SBA Veterans Advantage Documentation Requirements:

Lenders must document in their loan file a borrower's eligibility using the following documentation must present copies of that documentation with any request to SBA to purchase.

- 1) **Veteran:** Copy of Form DD 214, which is provided for other than dishonorably discharged veterans.
- 2) **Service-Disabled Veteran:** Copy of Form DD 214 or documentation from the DVA that the veteran has been determined as having a service-connected disability.
- 3) **Transitioning Active Duty Military Member:** DD Form 2, "U.S. Armed Forces Identification Card (Active)," or DD Form 2, "Armed Forces of the United States Geneva Conventions Identification Card (Active)" and, DD Form 2648 (Active Duty Military member) or DD Form 2648-1 (Reserve Component member).
- 4) **Reservists and National Guard:** DD Form 2, Armed Forces of the United States Identification Card (Reserve).

5) **Current Spouse of Veteran:** The veteran's Form DD 214 and evidence of status as a current spouse.

6) **Current Spouse of Transitioning Active Duty Military Member or Current Reservist/National Guard Member:** DD Form 1173, Department of Defense Guard Reserve Family Member Identification Card and evidence of status as the current spouse.

7) **Widow of Active Duty Service Member who died in service or Widowed Spouse of Veteran who died of a service connected disability:** Documentation from DOD or from DVA clearly showing this to be the case.

- In the event that the veteran's DD 214 is unavailable, a "Certification of Military Service" (NA Form 13038) is an acceptable equivalent.

- For any category listed above that requires a photocopy of a military ID, as an alternative to photocopying the military ID, the servicemember may provide a "statement of service" signed by, or by the direction of, the adjutant, personnel office, or commander of the unit or higher headquarters they are attached to. There is no one unique form used by the military for a statement of service. While statements of service are typically on military letterhead, some may be computer-generated. The statement of service must clearly show:

1. The Servicemember's full name;
2. The Servicemember's Social Security Number (SSN) or the last 4 digits of SSN;
3. The entry date on active duty or the entry date of applicant's Reserve/Guard duty, as applicable (depending on whether the applicant is on active duty or is a current member of the Reserves or National Guard);
4. The duration of lost time, if any (for active duty); and
5. The name of the command providing the information.

Note for Current Reserve/Guard Members: The statement must clearly indicate that the applicant is an "active" reservist and not just in a control group (inactive status).