



From: Rick Slater  
To: Cuso Partners  
Date: July 3, 2007  
Subject: **Patriot Express Loan Guaranty Program**

Good morning. I've received the program guide and loan guaranty application forms from SBA for this new program directed at Veterans (as defined below). Some of our existing SBA lenders are now applying for Patriot Express lender status using the forms sent by the Cuso last week, with other expected to do so within the next month. Below are the basic qualification requirements in order to put a loan into this 75-85% loan guaranty program. In the coming days, I'll read through the entire program, and you will then receive all the materials and explanations as needed. The key features of Patriot Express are as follows:

- Borrower eligibility (which lenders must document) will be limited to businesses that meet SBA's standard eligibility requirements and that are 51 percent or more owned 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), which is applicable to potential retirees within 24 months of separation and to discharging Active Duty members within 12 months of discharge.
  - Reservists and National Guard members.
  - Current spouse of above, widowed spouse of a service member who died while in service, or widowed spouse of a veteran who died of a service-connected disability.
- Streamlined documentation and processing features similar to SBA Express
- SBA's 75-85 percent guaranty will apply, which contrasts with the 50 percent guaranty available under SBA-EXPRESS. Loans of \$150,000 or less may receive a maximum guaranty of 85 percent and loans for more than \$150,000 may receive a maximum guaranty of 75 percent.
- Maximum loan size of \$500,000.
- Lenders must use their existing, prudent collateral practices for Patriot Express loans of \$350,000 or less, but must take available collateral for loans greater than \$350,000.
- Patriot Express maximum interest rates will be the same as those allowed under the regular 7(a) program, which contrasts with the higher interest rate allowed under the SBA EXPRESS program.

Two specific items of note with regard to these criteria:

First, SBA has limited the number of loans above \$350,000 to 2,000, through the year 2010, in order to focus the loan program toward smaller loans.

Second, the interest rate the CU can charge is lower than SBA Express. While SBA Express allows rates up to P+ 6.5%, this program's rates are capped at P+2.75%, the same as traditional 7A loans.

Please contact me with any questions.

*Rick*  
Rick Slater, COO