



SBA Procedural Notice

TO: All SBA Employees

CONTROL NO.: 5000-1221

SUBJECT: Extension of Gulf Opportunity Pilot
Loan Program

EFFECTIVE: 9-30-2011

On November 14, 2005, SBA issued SBA Policy Notice No. 5000-980, "Gulf Opportunity Pilot Loan Program," announcing a short term pilot program to assist small businesses located in counties or parishes affected by Hurricanes Katrina and Rita. To maximize the effectiveness of the GO Loan Pilot, on November 17, 2005, SBA published a notice in the Federal Register waiving for the GO Loan Pilot certain Agency regulations for the 7(a) Business Loan Program. (70 FR 69645). The pilot, including the waiver of regulations, was designed as a temporary program and was originally scheduled to expire on September 30, 2006, but was extended to September 30, 2011. The Agency believes, however, that there is a continuing, substantial need for the specific SBA assistance provided by this pilot in the affected areas. SBA, therefore, is extending the GO Loan Pilot with the modifications described below to December 31, 2013.

The GO Loan Pilot will be extended with the following modifications:

- Previously, for loans approved under the GO Loan Pilot, SBA waived the personal resource test due to the difficulty the applicant businesses were experiencing in assembling required documentation after the disasters. Because the devastation caused by Hurricanes Katrina and Rita occurred more than six years ago, SBA no longer believes it is necessary to waive this regulation for loans under the GO Loan Pilot and, therefore, is not extending the waiver of 13 CFR §120.102. Thus, for applications approved under the GO Loan Pilot, the personal resource test now must be met.
- The balance of the SBA guaranteed portions of GO Loans and all other outstanding SBA-guaranteed portions must not exceed \$3.75 million, not \$1.5 million as originally described in SBA Policy Notice 5000-980.

With the issuance of SOP 50 10 5(D) effective October 1, 2011, all 7(a) loans submitted under delegated authority will be required to be submitted through SBA's electronic submission system (E-tran). As all GO Loan applications are processed by SBA Express lenders under their delegated authority, all GO Loan applications must be submitted via E-tran. There will be a short transition period ending October 31, 2011, during which delegated lenders not currently submitting their loans through E-tran will be guided by the Sacramento Loan Processing Center as to the steps to follow to use E-tran. Further, with all applications submitted via E-tran, SBA will not be reviewing the completed SBA Form 2276 (Part C), Eligibility Information Required for Gulf Opportunity Pilot Loan Program Submission. (SBA may review the lender's documentation supporting its eligibility determination as part of any guaranty purchase request or when conducting lender oversight activities.)

EXPIRES: 9-1-2012

PAGE 1 of 6

SBA Form 1353.1 (12-93) MS Word Edition; previous editions obsolete
Must be accompanied by SBA Form 58

Features of Program

Under this unique initiative, the Agency will provide its full (85%) guaranty and streamlined and centralized loan processing to all eligible lenders that agree to make expedited SBA 7(a) loans available to small businesses located in those areas covered by the Presidential disaster declarations related to Hurricanes Katrina and Rita and any contiguous parishes or counties. The loans must be made on the terms and conditions set forth in this Notice. The GO Loan Pilot generally will apply the policies and procedures in place for the Agency's SBA Express program, although there will be several substantial differences between the two programs. The pilot is designed to channel streamlined SBA financing on an emergency basis to those small businesses located in, locating to or re-locating in the parishes/counties that have been Presidentially-declared as disaster areas resulting from Hurricanes Katrina or Rita, plus any parishes/counties contiguous to those parishes/counties.

The Borrowers under this pilot must meet these geographic requirements as well as the standard eligibility requirements for SBA Express loans.

All current SBA Express lenders are eligible to participate in the pilot program without further approval by SBA. Any other SBA lender who is interested in participating in the pilot must be approved by SBA as an SBA Express lender and must sign the Supplemental Loan Guarantee Agreement, as used in the SBA Express program. Lenders who want to participate in the GO Loan Program but are not SBA Express lenders should follow the lender application requirements in SOP 50 10 5(D), subpart A, chapter IV.C. to become an SBA Express lender.

As noted above, while the GO Loan Pilot will apply most of the policies and procedures currently in place for SBA Express, there are significant differences beyond the geographic restrictions. Under this pilot, the maximum loan size will be limited to \$150,000, and loans will receive SBA's full guaranty of 85 percent, rather than the 50 percent guaranty provided under the regular SBA Express program. Under this temporary pilot, lenders are delegated authority to refinance existing debt, so long as the new loan does not exceed \$150,000 and meets the requirements of 13 CFR §120.201 (i.e., the Borrower does not use the proceeds "to pay any creditor in a position to sustain a loss causing a shift to SBA of all or part of a potential loss from an existing debt.") Also, if a loan under this pilot will refinance existing debt, the requirement that the new loan must increase the applicant's cash flow by 10 percent will not apply.

Regarding eligibility for the GO Loan Pilot, if any of Questions 1 through 6 on SBA Form 2281, Gulf Opportunity Pilot Loan Program Borrower Information Form (personal history questions), is answered "yes," then the loan is not eligible for processing through the pilot program. Unlike in SBA Express, lenders in this pilot program will not be allowed to clear applications with affirmative responses to Questions 1 through 3 for processing.

Additionally, a GO Loan may be approved even if it results in an aggregate balance of the Express loans (SBA Express, Community Express, and Patriot Express) exceeding \$350,000. However, under no circumstances may multiple GO Loans be made to the same borrower or its affiliates that result in an aggregate outstanding balance that exceeds \$150,000. Also, the balance of the SBA guaranteed portions of GO Loans and all other outstanding SBA-guaranteed portions to the borrower and any affiliates must not exceed \$3.75 million.

Maturities for loans approved under the GO Loan Pilot are the same as in the SBA Express program. In addition, as is true for all SBA Express loans, if a loan approved under this pilot has a term of less than 15 years, no prepayment penalties will apply, including the SBA subsidy recoupment fee. However, if the term of the loan is 15 years or more, the SBA subsidy recoupment fee will apply.

GO Loan Processing Procedures

In adopting most of the policies and procedures in place for SBA Express, this pilot is a highly streamlined SBA loan product -- one that minimizes and consolidates SBA mandated forms and procedures and allows participating lenders to use, to the maximum extent possible, their own loan analyses, procedures and documentation. Lenders will thus generally use their own forms, internal credit memoranda, notes, collateral documents, and servicing and liquidation documentation. The SBA-mandated forms are listed below.

Participants in this pilot must close, service and liquidate their loans in conformance with the policies and procedures set forth for SBA Express. All guarantee purchases will be handled centrally in the Fresno and Little Rock commercial loan servicing centers. Additionally, when seeking purchase of a loan guaranty, lenders will be required to identify loans as having been made under the Pilot Program, and to include the county or parish where the borrower is located.

While the forms, documents and agreements applicable to the GO Loan Pilot will essentially duplicate the documents used for SBA Express, there are several important differences between the programs. As noted above, these differences include the maximum loan amount, the duration of the program, the amount of the SBA guaranty and the geographic eligibility requirements.

The SBA-required forms for the GO Loan Pilot are found at <http://www.sba.gov/category/lender-navigation/forms-notices-sops/forms-loan-package-tool>. and include the following:

[Form 2281](#): Gulf Opportunity Pilot Loan Program Borrower Information Form

[Form 2276 \(Part B\)](#): Supplemental Information for Gulf Opportunity Pilot

[Form 2276 \(Part C\)](#): Eligibility Information Required for Gulf Opportunity Pilot Loan Program Submission.

[Form 2280](#): Authorization

[Form 2282](#): Gulf Opportunity Pilot Loan Program Servicing Checklist

Questions regarding this notice should be directed to the lender relations specialist in the local SBA field office. The local SBA field office may be found at www.sba.gov/about-offices-list/2.

Steven J. Smits
Associate Administrator
Office of Capital Access

Small businesses in the following parishes and counties are eligible to apply for GO Loans:

ALABAMA

Alabama	Baldwin	Bibb	Choctaw
Clarke	Dallas	Escambia	Fayette
Greene	Hale	Jefferson	Lamar
Marengo	Mobile	Monroe	Perry
Pickens	Sumter	Tuscaloosa	Walker
Washington	Wilcox		

LOUISIANA

Acadia	Allen	Ascension	Assumption
Avoyelles	Beauregard	Calcasieu	Cameron
Concordia	DeSoto	East Baton Rouge	East Carroll
East Feliciana	Evangeline	Iberia	Iberville
Jefferson	Jefferson Davis	Lafayette	LaFourche
Livingston	Madison	Natchitoches	Orleans
Plaquemines	Point Coupee	Rapides	Sabine
St. Bernard	St. Charles	St. Helena	St. James
St. John the Baptist	St. Landry	St. Martin	St. Mary \
St. Tammany	Tangipahoa	Terrebonne	Tensas
Vermillion	Vernon	Washington	West Baton Rouge
West Feliciana			

MISSISSIPPI

Adams	Amite	Attala	Carroll
Choctaw	Claiborne	Clarke	Clay
Copiah	Covington	Franklin	Forrest
George	Greene	Hancock	Harrison
Holmes	Humphreys	Hinds	Issaquena
Jackson	Jasper	Jefferson	Jefferson Davis
Jones	Kemper	Lamar	Lauderdale
Lawrence	Leake	LeFlore	Lincoln
Lowndes	Madison	Marion	Monroe
Montgomery	Neshoba	Newton	Noxubee
Oktibbeha	Pearl River	Perry	Pike
Rankin	Scott	Sharkey	Simpson
Smith	Stone	Sunflower	Walthall
Warren	Washington	Wayne	Webster
Wilkinson	Winston	Yazoo	

TEXAS

Angelina	Austin	Brazoria	Chambers
----------	--------	----------	----------

EXPIRES: 9-1-2012

PAGE 5 of 6

SBA Form 1353.1 (12-93) MS Word Edition; previous editions obsolete
Must be accompanied by SBA Form 58

Cherokee
Hardin
Jefferson
Montgomery
Panola
San Augustine
Tyler

Fort Bend
Harris
Liberty
Nacogdoches
Polk
San Jacinto
Walker

Galveston
Houston
Madison
Newton
Rusk
Shelby
Waller

Grimes
Jasper
Matagorda
Orange
Sabine
Trinity
Wharton

FLORIDA
Escambia