



# SBA Information Notice

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<b>TO:</b>	All SBA Employees	<b>CONTROL NO.:</b>	5000-1356
<b>SUBJECT:</b>	The Veteran's Entrepreneurship Act of 2015: Fee Relief for Veterans and Credit Elsewhere	<b>EFFECTIVE:</b>	October 1, 2015

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On July 28, 2015, President Obama signed into law the Veteran's Entrepreneurship Act of 2015 (VE Act), which amends the Small Business Act [15 U.S.C. 636(a)(31)] with respect to the up-front guaranty fee on certain loans to veterans and the ability of a borrower to obtain credit without a government guaranty (known as "credit elsewhere"). These changes become effective October 1, 2015. The purpose of this Notice is to advise SBA personnel, 7(a) lenders and other program participants of these changes affecting the 7(a) program. The text of the VE Act may be found at <https://www.congress.gov/bill/114th-congress/house-bill/2499>.

Section 2 of the VE Act amends the Small Business Act to provide a waiver of the up-front guaranty fee on loans to veterans and/or their spouses made under section 7(a)(31) of the Act (SBA Express loans) in years when the subsidy rate for the 7(a) program is zero.

- For SBA Express loans approved on or after October 1, 2015 through September 30, 2016 to businesses owned by a veteran and/or the spouse of a veteran, the up-front guaranty fee will be zero, and accordingly, lenders may not charge a guaranty fee to any veteran and/or the spouse of a veteran for these loans. This guaranty fee waiver does not impact any other type of 7(a) loan made to a veteran and/or the spouse of a veteran.
- In order to qualify for this fee waiver, businesses must be 51% or more owned and controlled by an individual or individuals in one or more of the groups listed in the attachment to this Notice. Lenders must document in their loan file a borrower's eligibility for this fee relief using the documentation identified in the attachment to this Notice and must present copies of that documentation with any guaranty purchase request.

Section 4 of the VE Act amends Section 7(a)(1) of the Small Business Act with respect to a borrower's ability to obtain credit elsewhere.

- On or after October 1, 2015, SBA may not guarantee a 7(a) loan if the lender determines that the borrower is unable to obtain credit elsewhere solely based on either of the following factors:
  - the liquidity of the lender depends upon the guaranteed portion of the loan being sold on the secondary market; or
  - the guaranty is to allow the lender to exceed its legal lending limit.

The statutory language supersedes the existing language in 13 CFR 120.220 and SOP 50 10 5(H), Subpart B, Chapter 3, Paragraph V with respect to the up-front guaranty fee for SBA Express loans to a small business owned by a veteran and/or the spouse of a veteran. In addition, the statutory language supersedes the existing language in SOP 50 10 5(H), Subpart B, Chapter 2, Paragraph III.C with respect to

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**EXPIRES: 10/1/16**

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

demonstrating the borrower's ability to obtain credit elsewhere. Appropriate revisions to reflect these legislative changes will be incorporated into the next update to SOP 50 10.

**Questions and Notification**

SBA field offices are responsible for notifying lenders about these legislative changes. Questions concerning 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](http://www.sba.gov/about-offices-list/2). For more information about SBA programs and resources for veterans, serivcemembers and military spouses visit [www.sba.gov/veterans](http://www.sba.gov/veterans).

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John M. Wade  
Acting Director  
Office of Financial Assistance

Attachment

## Attachment

### ***SBA Veterans Documentation Requirements:***

- 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.

### ***Alternatives:***

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).