



SBA Procedural Notice

TO:	All SBA Employees	CONTROL NO.: 5000-1165
SUBJECT:	Gulf Opportunity Pilot Loan Program Waiver of Personal Resources Test	EFFECTIVE: 9/1/2010

This is one of three notices announcing the extension of the Gulf Opportunity Pilot Loan Program.

This procedural notice is a re-issuance of SBA Policy Notice No. 5000-981 entitled “Gulf Opportunity Pilot Loan Program Waiver of Personal Resources Test,” originally issued on November 15, 2005. SBA is re-issuing this notice because SBA is extending the Gulf Opportunity Pilot Loan Program through September 30, 2011. The GO Loan Pilot is being extended due to the continuing challenges faced by small businesses in the Gulf Coast, which have been further affected by the Deepwater BP oil spill. All references to the expiration date of the pilot shall be deemed to read **September 30, 2011**. (SBA is publishing a Notice in the Federal Register extending the temporary waiver of 13 CFR 120.102 for the GO Loan Pilot that was announced on November 17, 2005 at 70 FR 69645.)

The text of the original notice follows:

“SBA is temporarily waiving, for SBA’s Gulf Opportunity Pilot Loan Program (GO Loan Pilot), the Agency’s requirement that certain personal assets of borrowers under SBA’s 7(a) loan program must be injected into the business’s financing package. (SBA is publishing a Notice in the Federal Register announcing the temporary waiver of 13 CFR 120.102 for the GO Loan Pilot.)

SBA is continuing to respond to the unprecedented devastation incurred by those small businesses located in the communities affected by Hurricanes Katrina and Rita. The GO Loan Pilot is one important component of the Agency’s response to these disasters.

Under standard 7(a) procedures, an applicant for an SBA loan must show that the desired funds are not available from the personal resources of any owner of 20 percent or more of the equity of the applicant. If such personal resources are readily available, SBA requires that those resources above a certain amount, which varies with the size of the loan, must be injected into the applicant firm’s financing package to reduce the amount of SBA’s funding. Under the GO Loan Pilot, the maximum loan amount is limited to \$150,000; therefore, under standard 7(a) procedures, each 20 percent or more owner of the applicant business normally would be required to inject any

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personal liquid assets which are in excess of two times the total financing package, or in excess of \$100,000, whichever is greater.

In recognition of the scope and magnitude of the destruction suffered by these communities, and the need for immediate reconstruction, SBA believes that, due to other disaster-related exigencies, prospective borrowers under the GO Loan Pilot will be unable to expediently meet SBA's requirement that personal resources above a certain amount must be injected into the firm's capitalization. As a result, to further facilitate and expedite the processing of SBA loans under the GO Loan Pilot, and to avoid overtaxing the resources of financially strapped borrowers, SBA is waiving the standard 7(a) requirement that each 20 percent or more owner of the applicant business must inject his/her excess personal resources into the financing package.

This waiver applies only to those loans approved under the GO Loan Pilot. Additionally, this will be a temporary waiver of the personal resources requirement and will last only for the duration of the pilot, which expires September 30, 2006. Also, as part of the GO Loan Pilot, this waiver applies only to those SBA-eligible 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 contiguous parishes/counties.”

District Offices

SBA Field Offices will advise lenders of this Notice. 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/localresources.

Eric Zarnikow
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Office of Capital Access