



SBA Information Notice

TO: All SBA Employees and 7(a) Lenders

CONTROL NO.: 5000-180005

SUBJECT: Express Bridge Loan Pilot Program
Guide

EFFECTIVE: 5-8-2018

The Express Bridge Loan (EBL) Pilot Program was previously announced by publication of a notice in the Federal Register on October 16, 2017 ([82 FR 47958](#)). On May 7, 2018, SBA published a second notice in the Federal Register ([83 FR 19921](#)) regarding the fees that can be charged in connection with an EBL loan. The EBL Pilot Program supplements the Agency's direct disaster loan capabilities by allowing 7(a) Lenders with SBA Express lending authority to deliver expedited SBA-guaranteed financing on an emergency basis for disaster related purposes to eligible small businesses located in communities impacted by Presidentially-declared disasters while the small businesses apply for and await long-term financing (including through SBA's direct Disaster Loan Program, if eligible). The EBL Pilot Program became available for use on October 16, 2017, and will expire on September 30, 2020.

This Information Notice announces the availability of a Program Guide for the EBL Pilot Program at <https://www.sba.gov/document/>. The EBL Program Guide outlines the procedures applicable to the EBL Pilot Program.

The EBL Pilot Program applies the policies and procedures in place for the Agency's SBA Express Loan Program, except as outlined in the two Federal Register notices and the EBL Program Guide, including the following:

- 1) The maximum gross loan amount under the EBL Pilot Program is \$25,000, and the EBL loan will carry a maximum 50 percent guaranty from the Agency.
- 2) EBL loans can only be made by SBA Express Lenders that had a valid Supplemental Loan Guaranty Agreement SBA Express Program (SBA Form 2424) in effect as of the date of the applicable disaster.
- 3) Eligible small businesses are those that were located, as of the date of the applicable disaster, in the Primary Counties that have been Presidentially-declared as disaster areas, plus any Contiguous Counties. The small business must have been operational when the declared disaster commenced, and must meet all other 7(a) loan eligibility requirements.
- 4) SBA Express Lenders may make loans under the EBL Pilot Program only to eligible small businesses that had an existing banking relationship with the SBA Express Lender as of the date of the applicable disaster.

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- 5) SBA Express Lenders must certify to SBA, for each EBL loan, that the loan funds will be used to support the survival and/or reopening of the small business within the affected Primary or Contiguous Counties.
- 6) The maximum maturity for an EBL loan is seven years. The SBA Express Lender may require a borrower to pay down or pay off the EBL loan if the borrower is approved for long-term disaster financing (including an SBA direct disaster loan) that allows proceeds to be used for EBL loan reimbursement.
- 7) EBL loans cannot be sold in SBA's secondary market. EBL loans are intended to be interim loans, thus SBA has determined, pursuant to 13 CFR § 120.612(a)(3), that the sale of such loans in SBA's secondary market would not be conducive to the successful operation of the secondary market program.
- 8) EBL loans for a particular disaster must be approved within six months after the date of the applicable Presidential disaster declaration.

As described more fully in the October 16, 2017 Federal Register notice and the EBL Program Guide, SBA modified 13 CFR § 120.150 for the EBL Pilot Program in order to streamline the loan underwriting process by allowing SBA Express Lenders to underwrite EBL loans by considering only the following:

- 1) A minimum acceptable FICO Small Business Scoring Service Score (SBSS Score) of 130 for the applicant issued by E-Tran upon submission of the EBL loan application for screening (SBA may adjust the minimum acceptable SBSS Score up or down from time to time during the EBL Pilot Program and will post any such adjusted score on its website);
- 2) A personal credit score for each guarantor that is satisfactory under the Lender's standards for its similarly-sized, non-SBA guaranteed commercial loans; and
- 3) Prior to any disbursement of EBL loan proceeds, Lender must submit a signed IRS Form 4506-T to the Internal Revenue Service and obtain an IRS tax transcript for the EBL applicant business in order to verify the existence of the business as of the date the applicable disaster commenced and that the applicant has filed required tax returns. For businesses in operation prior to the declared disaster but not long enough to have been required to file a tax return, Lender must provide an acceptable alternative to verify the existence of the business as of the date the applicable disaster commenced.

As described more fully in the May 7, 2018 Federal Register notice and the EBL Program Guide, SBA also modified 13 CFR § 120.221 for the EBL Pilot Program in order to restrict the fees that a Lender or third party may collect from an EBL applicant or borrower in connection with an EBL loan. A Lender may only collect from an EBL applicant or borrower an application fee, a late payment fee, and reasonable direct costs of liquidation. No other fees or costs may be charged to an EBL applicant or borrower by a Lender or third party including a referral fee, broker's fee or similar fee.

Questions: For questions concerning this Notice, please contact Michelle Genovese, Financial Analyst, Office of Financial Assistance at (202) 401-8282 or by email at michelle.genovese@sba.gov, or Robert Carpenter, Acting Chief, 7(a) Program Branch, at (202) 205-7654 or by e-mail at robert.carpenter@sba.gov.

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