



SBA Policy Notice

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TO: All RAs, DDs, Supervisory Loan Specialists, and
 Supervisory Economic Development Specialists

CONTROL NO.: 5000-484

SUBJECT: Defense Loan and Technical Assistance (DELTA) Program EFFECTIVE: 8/3/95

SBA has established the Defense Loan and Technical Assistance (DELTA) program on a pilot basis. The pilot is authorized through September 30, 1996, unless additional funds are appropriated and transferred to SBA for this purpose. The DELTA program may exceed one billion dollars in gross lending authority.

DELTA is a joint SBA/Department of Defense (DOD) loan program authorized under 10 U.S.C. 2524(b)(3) and by Public Laws 103-337 (FY-95 DOD Authorization) and 103-403 (FY-95 SBA Authorization) that will be administered by SBA under a Memorandum of Understanding (MOU) with DOD. Under the MOU, DOD will transfer \$30 million to SBA's Business Loan Program Account to cover the cost of loan guarantees. SBA will process, guarantee, and service DELTA loans using the regulations, procedures, forms, and operating criteria of the 7(a) Program, as modified by section 7(a)(21) a recent provision in the Small Business Act (SBAct) describing defense economic transition loans, and/or the 504 Program. In addition, the DELTA program will have some more restrictive eligibility criteria, as described elsewhere in this Notice.

The purpose of this pilot is to assist small businesses that: 1) are dependent on defense contracts as prime or subcontractors; and 2) are adversely affected by defense reductions. The term "defense reductions" means reductions in expenditures by the U.S. for defense, termination or cancellation of a defense contract, discontinuation of an approved major weapon system, merger or consolidation of the operations of a defense contractor, or the closure or realignment of a military installation.

Many of these businesses will need management and technical assistance because they are in transition. Therefore, SBA's management and technical assistance programs, as well as programs of other agencies, will be available to assist eligible applicants as needed.

EXPIRES: 8/1/96

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SBA Form 1353.1 (12-93) PerForm Version; Use 4-93 Edition Until Exhausted

Must be accompanied by SBA Form 58