

U. S. Small Business Administration  
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### ***MILITARY RESERVIST WORKING CAPITAL LOAN PROGRAM EXPANDED***

WASHINGTON – Legislative changes will make a U.S. Small Business Administration loan program more accessible to small businesses facing financial loss when the owner or essential employee is called to active military duty by extending the application period, increasing the unsecured loan threshold, and raising the maximum loan limit.

Changes to the Military Reservist Economic Injury Disaster Loan (MREIDL) program became effective October 28.

“The SBA is proud to be able to support the men and women who serve in America’s military services,” said SBA Acting Administrator Sandy K. Baruah. “Their service is not only honorable and selfless, but it makes them more talented and resourceful employees when they return home. That makes it doubly important that the small businesses they left when they were called to active duty are still operating when they come home. As they have worked to defend their country, the SBA’s military reservist loan program aims to support those small businesses by providing the funds needed to cover their expenses and continue successful operations.”

Under the new rules, a small business can apply for an MREIDL on the date the essential employee receives notice of the expected call-up. The application period is extended to one year after the essential employee is discharged from active duty, an increase from the previous 90-day application window.

In addition, the small business is no longer required to pledge collateral to secure an MREIDL of \$50,000 or less. Previously, the business was required to put up collateral if the loan amount exceeded \$5,000.

The Small Business Disaster Response and Loan Improvements Act, passed in May 2008, also increased the MREIDL cap from \$1.5 million to \$2 million.

The MREIDL is a direct working capital loan, and the funds may be used to cover operating costs until the essential employee or business owner is released from active duty. An “essential employee” is defined as an individual (whether or not the owner of the small business) whose managerial or technical skill is critical to the successful daily operation of the business.

The interest rate on these working capital loans is 4 percent, with terms up to a maximum of 30 years.

Businesses can apply online by going to the Web site at [www.sba.gov/services/disasterassistance](http://www.sba.gov/services/disasterassistance). To get an application by mail, or for other questions about the loan program, contact SBA’s Disaster Assistance Customer Service Center at 800-659-2955 or by e-mail at [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov).