(2) The applicant business is adversely affected by import competition; and
(3) Upgrading facilities or equipment will improve the applicant’s competitive position.
(b) The applicant must have a business plan reasonably supporting its projected export sales.

§ 120.347 Use of proceeds.
The Borrower may use loan proceeds to acquire, construct, renovate, modernize, improve, or expand facilities and equipment to be used in the United States to produce goods or services involved in international trade, and to develop and penetrate foreign markets.

§ 120.348 Amount of guarantee.
SBA can guarantee up to $1,250,000 for a combination of fixed-asset financing and working capital, supplies and EWCP assistance. The fixed-asset portion of the loan cannot exceed $1,000,000 and the non-fixed-asset portion cannot exceed $750,000.

QUALIFIED EMPLOYEE TRUSTS (ESOP)
§ 120.350 Policy.
Section 7(a)(15) of the Act authorizes SBA to guarantee a loan to a qualified employee trust ("ESOP") to:
(a) Help finance the growth of its employer’s small business; or
(b) Purchase ownership or voting control of the employer.

§ 120.351 Definitions.
All terms specific to ESOPs have the same definition for purposes of this section as in the Internal Revenue Service (IRS) Code (title 26 of the United States Code) or regulations (26 CFR chapter I).

§ 120.352 Use of proceeds.
Loan proceeds may be used for two purposes.
(a) Qualified employer securities. A qualified employee trust may relend loan proceeds to the employer by purchasing qualified employer securities. The small business concern may use these funds for any general 7(a) purpose.
(b) Control of employer. A qualified employee trust may use loan proceeds to purchase a controlling interest (51 percent) in the employer. Ownership and control must vest in the trust by the time the loan is repaid.

§ 120.353 Eligibility.
SBA may assist a qualified employee trust (or equivalent trust) that meets the requirements and conditions for an ESOP prescribed in all applicable IRS, Treasury and Department of Labor (DOL) regulations. In addition, the following conditions apply:
(a) The small business must provide the funds needed by the trust to repay the loan; and
(b) The small business must provide adequate collateral.

§ 120.354 Creditworthiness.
In determining repayment ability, SBA shall not consider the personal assets of the employee-owners of the trust. SBA shall consider the earnings history and projected future earnings of the employer small business. SBA may consider the business and management experience of the employee-owners.

VETERANS LOAN PROGRAM
§ 120.360 Which veterans are eligible?
SBA may guarantee or make direct loans to a small business 51 percent owned by one or more of the following eligible veterans:
(a) Vietnam-era veterans who served for a period of more than 180 days between August 5, 1964, and May 7, 1975, and were discharged other than dishonorably;
(b) Disabled veterans of any era with a minimum compensable disability of 30 percent; or
(c) A veteran of any era who was discharged for disability.

§ 120.361 Other conditions of eligibility.
(a) Management and daily operations of the business must be directed by one or more of the veteran owners whose veteran status was used to qualify for the loan.
(b) This direct loan program is available only if private sector financing and guaranteed loans are not available.