ELIGIBILITY INFORMATION REQUIRED FOR PLP SUBMISSION

Rev. 7/20/06

1. Fill out all of this section. If a question in this section is answered "No," the loan is not eligible.

Applicant Name _____

Lender Name _____

Purpose of Loan _____

Describe Type of Business _____

Applicant is an operating business organized for profit, is located in United States, has demonstrated a need for the desired credit, and the desired credit is not otherwise available on reasonable terms from non-Federal sources. ☐ Yes ☐ No

The products and/or services of the Applicant business are available to the general public. ☐ Yes ☐ No

Size

Primary industry of Applicant _____ NAICS Code of Applicant _____

Average annual receipts of Applicant Business (excluding affiliates) over last 3 completed fiscal years _____

No. of employees of Applicant Business _____ SBA size standard for Applicant _____

The combined size calculation of applicant and its affiliates meets the size standard for the applicant's primary industry or the size standard for the primary industry of the applicant and its affiliates, whichever is higher. ☐ Yes ☐ No

If size standard is exceeded by no more than 25%, Applicant agrees to use the assistance within a labor surplus area. ☐ Yes ☐ No

CHECK IF APPLICABLE:

☐ Applicant has possible affiliates. *If checked, provide the following information in attachment to this form:* List possible affiliates, discuss possible bases of affiliation and determine if affiliation exists. If affiliation exists, state combined average annual receipts over last 3 completed fiscal years or number of employees for applicant and all affiliates.

☐ Applicant business is a franchise. *If checked, answer the following question. If "No" loan is not eligible.* Franchisee has the right to profit and risk of loss commensurate with ownership and there are no excessive restraints on the sale of the franchise interest. ☐ Yes ☐ No

Principals of the Applicant

Lender has assessed the liquid assets of the immediate family (including spouse and dependent children) of each owner of 20% or more of the equity of the Applicant (and of the Operating Company, if the Applicant is an Eligible Passive Company) and determined that they do not exceed:

- for a financing package of $250,000 or less, two times the total financing package or $100,000, whichever is greater;
- for a financing package between $250,001 and $500,000, one and one-half times the total financing package or $500,000, whichever is greater;
- for a financing package of more than $500,000, one times the total financing package or $750,000, whichever is greater.

☐ Yes ☐ No

All principals of business are either U.S. citizens, or non-U.S. citizens whose INS status has been verified by the lender. ☐ Yes ☐ No

CHOOSE ONE:

☐ The business is at least 51 percent owned by individuals who are U.S. citizens and/or who have verified Legal Permanent Resident (LPR) status from INS and control the management and daily operations of the business.

☐ The business is at least 51 percent owned by aliens with a verified status other than LPR, the lender has determined that continual and consistent management of the business has been provided by a U.S. citizen or by a verified LPR for at least one year and will continue indefinitely AND U.S. collateral is pledged sufficient to pay the loan in full at any time. (Businesses less than one year old do not meet these requirements.)

No Associate of the Applicant is incarcerated, on probation, on parole, or under indictment for a felony or a crime of moral turpitude.

Terms of the Loan

The maturity of the loan does not exceed the maximum allowable by SBA for the use of proceeds and is the shortest appropriate term commensurate with repayment ability of the Applicant. ☐ Yes ☐ No

SBA guaranty percentage does not exceed 85% for a loan of $150,000 or less and 75% for any other loan. ☐ Yes ☐ No

The amount of this loan does not exceed $2 million (or $1.25 million if this is a DELTA loan). ☐ Yes ☐ No

CHOOSE ONE:

☐ The aggregate guaranty amount of the SBA portions for this application and all outstanding 7(a) and 504 loans to Applicant and its affiliates does not exceed $1.5 million.

☐ This is a working capital loan request to a borrower that has International Trade loan approved after 12/7/04. The guaranty amount of this working capital loan does not exceed $1.25 million, and the guaranty amount of the SBA portions of this working capital loan, the IT loan and all other outstanding 7(a) and 504 loans to Applicant and its affiliates does not exceed $1.75 million.

The interest rate of the loan does not exceed the maximum amount allowable based on loan maturity and size and if the interest rate is variable, the base rate will be the prime rate in effect on the date SBA receives an acceptable application, printed in the Wall Street Journal or the SBA Optional Peg Rate published in the Federal Register. ☐ Yes ☐ No

Applicant does not have a non-SBA-guaranteed loan made by any lender at or about the same time for the same or similar purpose as this PLP loan, with a lien position senior to this PLP loan ("Piggyback Loan"). ☐ Yes ☐ No

II. CHECK ANY ITEMS THAT ARE APPLICABLE IN THIS SECTION.

Type of Business

☐ Applicant is or does one of the following:

- primarily engaged in the business of lending
- a passive business that holds real and/or personal property to receive rent or lease income and does not provide sufficient services to deem it active and is not an Eligible Passive Company discussed below
- life insurance company
- pyramid sale distribution plan
- any illegal activity
- consumer or marketing cooperative
- earns 1/3 or more of its gross annual revenue from packaging SBA loans
- primarily engaged in political or lobbying activities
- a speculative business (such as oil wildcatting)

If checked, loan is not eligible.

☐ Applicant is a pawn shop. *If checked, answer the following question. If "No" loan is not eligible.*
More than 50% of Applicant's income for the previous year was from the sale of merchandise rather than from interest on loans. ☐ Yes ☐ No

☐ Applicant is a motel, trailer park, campground or similar type of business. *If checked, answer* the following question. If "No" loan is not eligible.
Applicant derives 50% or more of its gross annual income from transients who stay for periods of time not exceeding 30 days. ☐ Yes ☐ No

☐ Any of gross annual revenue of Applicant business is derived from gambling. *If checked, answer the* following question. If "No" loan is not eligible.
The revenue is from legal gambling activities and comprises 1/3 or less of gross annual revenue of Applicant business and the business is not a racetrack, casino or otherwise have gambling as its reason for being. ☐ Yes ☐ No

☐ Applicant is a private club or business. *If checked, answer the following question. If "No" loan is not* eligible.
Business does not limit the number of memberships for reasons other than capacity. ☐ Yes ☐ No

☐ Applicant is a government-owned entity. *If checked, answer the following question. If "No" loan* is not eligible.
Applicant is business owned or controlled by a Native American tribe, but is a separate legal entity from the tribe. ☐ Yes ☐ No

☐ Applicant is an Eligible Passive Company (EPC). *If checked, fill in the blanks and answer the* following questions. If "No" loan is not eligible. Attach additional sheet with Names and Legal Forms if more than one OC. References below to OC mean each OC.

Name of Operating Company (OC) _____

Legal Form of Entity of OC _____

- The EPC will use the loan proceeds to acquire or lease, and /or improve or renovate real or personal property (including eligible refinancing) that it leases 100% to one or more OCs. ☐ Yes ☐ No
- The OC is an eligible small business and the proposed use of proceeds would be an eligible use if the OC were obtaining the financing directly. YES___NO___
- The EPC (with the exception of a trust) and the OC each are small under SBA's size standards. ☐ Yes ☐ No
- The EPC is eligible as to type of business, other than being passive. ☐ Yes ☐ No
- The lease between the Eligible Passive Company and the Operating Company will be in writing, will have a remaining term at least equal to the term of the loan (including options to renew exercisable solely by the Operating Company), will be subordinated to SBA's lien on the property and the rents will be assigned as collateral for the loan. ☐ Yes ☐ No
- The OC will be a guarantor or co-borrower. If loan proceeds include working capital or assets to be owned by the OC, it will be a co-borrower. ☐ Yes ☐ No
- Each 20% or more owner of the EPC and each 20% or more owner of the OC will guarantee the loan. ☐ Yes ☐ No
- The aggregate amount of the SBA portions for this application and for all outstanding loans to the EPC, the OC, and their affiliates does not exceed $1.5 million. ☐ Yes ☐ No
- Neither the EPC nor the OC is a trust or SBA requirements regarding trusts are met. ☐ Yes ☐ No

Use of Proceeds

☐ To provide or refinance funds used for payments, distributions, or loans to Associates of the Applicant, except payment of ordinary compensation for services rendered. *If checked, loan is not eligible.*

☐ For debt refinancing. *If checked, ATTACH A DEBT SCHEDULE SHOWING THE TERMS OF THE DEBT TO* BE REFINANCED AND THE JUSTIFICATION FOR THE REFINANCING. Also, answer the following questions. If "No" loan is not eligible.

- Refinancing will provide a substantial benefit to Applicant of at least 20% needed improvement to cash flow or refinanced debt is short-term, involves a balloon payment, or is interest only. If more than one debt is refinanced, no debt being refinanced will have a higher debt service requirement after debt refinancing than prior to refinancing. ☐ Yes ☐ No
- Existing debt is not presently on reasonable terms. ☐ Yes ☐ No
- Proceeds will not pay a creditor in a position to sustain a loss causing a shift to SBA of all or part of a potential loss from an existing debt. ☐ Yes ☐ No
- Debt to be refinanced is not an SBA loan. ☐ Yes ☐ No
- Loan will not refund debt to an SBIC. ☐ Yes ☐ No
- Loan will not repay third party financing for any existing 504 project. ☐ Yes ☐ No
- Loan will not repay delinquent IRS withholding taxes, sales taxes or similar funds held in trust. ☐ Yes ☐ No

☐ For floor plan financing or other revolving line credit. *If checked, loan is not eligible.*

☐ For a purpose that will not benefit the small business. *If checked, loan is not eligible.*

☐ To fund or refinance a change in ownership. *If checked, answer the following questions. If "No" loan* is not eligible.

- The change will promote the sound development or preserve the existence of the Applicant business. ☐ Yes ☐ No
- The change is an arm's-length transaction supported by a determination of value. The loan file is well documented regarding the valuation and includes the substantiating analysis. If the valuation analysis is performed by the lender's loan officer, a synopsis of the analysis is attached. If buyer and seller are related, transaction is supported by independent third party valuation. ☐ Yes ☐ No
- If the loan is $150,000 or more and the real estate is valued at over $100,000, and the business ownership has been transferred previously within 36 months of the date of the loan application, there are two appraisals, the second of which may be a "review" of the first appraisal by another appraiser selected directly by the lender or, if the first appraisal was requested by the lender, a site visit by a senior member of lender's staff. ☐ Yes ☐ No

- If the loan is $150,000 or more, the lender has verified the historical profit and loss statements of the business for the last two years and the last year's income tax return from the business. ☐ Yes ☐ No
- If the loan is $150,000 or more, the lender has exercised prudent lending practices to ensure that commercially reasonable steps are taken to limit risk of loss on this loan. ☐ Yes ☐ No
- Change is 100% of ownership or a business repurchasing 100% of one or more of its owners' interests. ☐ Yes ☐ No
- If the loan is paying off an SBA guaranteed loan of the seller, the loan being paid off is not with the same lender submitting this loan request. ☐ Yes ☐ No

☐ For construction or refinance of construction of a new building. *If checked, answer the following* questions. If "No" loan is not eligible.

- If building will contain rental space, Applicant (or Operating Companies) will continue to occupy at least 60% of the rentable property for the term of the loan; lease long term no more than 20% of the rentable property to one or more tenants; plans to occupy within three years some of the remaining rentable property not immediately occupied or leased long term; and plans to occupy within ten years all of the rentable property not leased long term. ☐ Yes ☐ No
- Community improvements do not exceed 5 percent of construction proceeds of this loan. ☐ Yes ☐ No

☐ To provide funds for or refinance of acquisition of land or existing building or for renovation or reconstruction of an existing building. *If checked, answer the following questions. If "No" loan is not eligible.*

- Applicant (or Operating Companies) will occupy at least 51% of the rentable property. ☐ Yes ☐ No
- Loan proceeds will not be used to remodel or convert any rental space in the property. ☐ Yes ☐ No

☐ To provide funds for or refinance of leasehold improvements. *If checked, answer the following question.* If "No" loan is not eligible.

Loan proceeds will be used to improve space occupied 100% by Applicant. ☐ Yes ☐ No

Conflict of Interest

☐ Associate or member of Associate's household is GS-13 or higher government employee, Major or Lieutenant Commander or higher in military. *If checked, answer the following question. If "No" loan is not eligible.*

Applicant has submitted statement of no objection by pertinent department or military service. ☐ Yes ☐ No

☐ A community organization (except state and local development companies) or its officers or its directors have a significant financial interest in the Applicant unless the organization has been inactive in packaging SBA loans for at least two years prior to the application date. (*Loan is not eligible for PLP.)*

☐ Employee (or member of employee's household) of a community organization such as a certified development company or microlender has a significant financial interest in the Applicant. (*Loan is not eligible for PLP.)*

☐ SBA employee, close relative or member of employee's household, or former SBA employee separated from SBA less than one year has a financial interest in the Applicant. (*Loan is not eligible for PLP.)*

☐ Individuals currently involved in the Small Business Institute or Small Business Development Company Programs or members of their household have a significant financial interest in the Applicant. (*Loan is not eligible for PLP.)*

☐ A member of Congress or member of his/her household is an officer, director or shareholder with 10 percent or more interest in the Applicant. (*Loan is not eligible for PLP.)*

☐ Appointed official or employee of the federal legislative or judicial branch, a member or employee of a Small Business

☐ Advisory Council, a SCORE or ACE volunteer, or a close relative, is a sole proprietor, partner, officer, director, or shareholder with 20 percent or more interest in the Applicant. (*Loan is not eligible for PLP.)*

Ethical Requirements (*If any of these items are checked, loan is not eligible for PLP.)*

☐ Lender or Associate of Lender has a real or apparent conflict of interest with Applicant, any of Applicant's Associates, or any of the close relatives of Applicant's Associates.

☐ Lender or any Associate of Lender owns or owned within 6 months prior to this application an equity interest in Applicant.

☐ Lender or any Associate of Lender is incarcerated, on parole, or on probation or is a convicted felon or has an adverse final civil judgment that would cause the public to question the Lender's business integrity.

☐ Lender or any Associate of Lender has accepted funding from a source that restricts, prioritizes, or conditions the types of small businesses that Lender may assist under an SBA program or that imposes any conditions or requirements upon recipients of SBA assistance inconsistent with SBA's loan programs or regulations.

☐ Loan proceeds will directly or indirectly finance purchase of real estate, personal property or services from Lender or an Associate of Lender.

☐ Applicant, an Associate of Applicant, or close relative of Associate of Applicant is required to invest in Lender.

☐ Proceeds will be used to acquire space in project for which lender has issued a real estate forward commitment.

PLP and Special Program Requirements

☐ Loan is one of the following special purpose loans *(Loan is not eligible for PLP):*

- Disabled Assistance Loan Program (DAL)
- Energy Conservation
- Qualified Employee Trusts (ESOP)
- Pollution Control Program
- CapLines Program (including Builders Loan Program)

☐ Applicant is or does one of the following *(Loan is not eligible for PLP):*

- Agricultural or farm business
- Fishing or shore operation (including commercial fishing activities and the construction of new fishing vessels)
- Medical facility involving any type of extended care/assisted living situation.
- Mine (including sand and gravel pits)
- Does business in a foreign country (except for when loan is under International Trade Program)
- Is engaged in teaching, instructing, counseling or indoctrinating religion or religious beliefs, whether in a religious or secular setting
- Has any products or services of a sexual nature.

☐ Loan is the following special purpose loan: Export Working Capital Program (EWCP). *(Loan is not eligible for* PLP unless lender has special authority from SBA to make PLP EWCP loans and submits special PLP EWCP application forms.)

☐ Loan is under International Trade Program (IT). *Answer the following questions. If "No," loan is not eligible.*

- The loan proceeds will be used solely for the purpose of 1) financing the acquisition, construction, renovation, modernization, improvement, or expansion of productive facilities or equipment to be used in the United States in the production of goods and services involved in international trade; or 2) the refinancing of existing indebtedness that was used for these same purposes that is not structured with reasonable terms and conditions. There can be no working capital provided by the loan proceeds. ☐ Yes ☐ No
- The small business concern is either 1) in a position to expand existing export markets or develop new export markets or 2) is confronting increased competition with foreign firms in the relevant market and is injured by such competition. ☐ Yes ☐ No ☐ Yes ☐ No
- Lender will take a first lien on the fixed assets financed (or re-financed) with this loan.
- Collateral is located in the United States, its territories and possessions ☐ Yes ☐ No
- Lender has reviewed Ex-Im Bank's Country Limitation Schedule to ensure that the U.S Government does not restrict trade with any country where the applicant does business. ☐ Yes ☐ No

☐ PLP loan will reduce lender's existing credit exposure to Applicant. *If checked, answer the following* question. If "No" loan is not eligible for PLP.

Loan to be refinanced is an interim non-construction loan approved within 90 days of this application or an interim construction loan that has not yet been disbursed. ☐ Yes ☐ No

☐ Applicant or Affiliates(s) has/have existing SBA loan(s). *If checked, answer the following question. If "No"* loan is not eligible.

The existing SBA loan(s) is/are current. ☐ Yes ☐ No

☐ Loan finances more than 90% of the actual cost of real estate being acquired or of the capital needs for a new business. "New" business does not include an existing business acquiring another existing business in the same industry. *(Loan is not eligible for* SBA*Express.)* *(Loan is not eligible for PLP.)*

☐ Question 6, 7, or 8 on any required SBA Form 912, Statement of Personal History, for this application is answered "Yes" and lender has not received written clearance of the character issue(s) from the district or branch SBA office serving the territory where the business applicant is located. *(Loan is not eligible for PLP.)*

☐ Application was previously submitted to SBA under any other program, including CLP, LowDoc, SBA*Express* or regular 7(a). *(Loan is not eligible for PLP.)*

☐ Loan will have primary collateral that will not meet SBA's environmental requirements or that will require use of a non-standard indemnification agreement. *(Loan is not eligible for PLP.)*

☐ Business or any of its principals has been involved in a federal loan or federally assisted financing that defaulted and caused a loss to the Federal government or any of its Departments or agencies. *(Loan is not eligible for PLP.)*

ATTACH SHEET FOR COMMENTS REGARDING ANY OF ABOVE ANSWERS THAT REQUIRE EXPLANATION OR REGARDING ANY OTHER RELEVANT ELIGIBILITY ISSUES.

Lender hereby certifies that the above information is true and correct, to the best of its knowledge, and that it has exercised due diligence to obtain the true and correct information.

Lender Signature _____

and Typed Name and Title _____ Date _____

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