

Change of Ownership Guidance

Deleted: **Additional Submission**

SBA considers the following information to be critical to understanding the credit risks involved in change of ownership transactions. In order to expedite SBA's review of such transactions, lenders may use this form to identify where SBA may find this information within the application.

Deleted: In order to expedite our consideration

Deleted: should be provided (when appropriate) as part of each request for guaranty when any portion of the proposed loan's proceeds will help finance a "change of ownership" within the context of SOP50-10(5)(A).

Check the appropriate box (Yes, No, N/A) with respect to each item's availability and then reference where SBA may find this data within the submitted document. For example: If the discussion of repayment is contained on page 3 of the lender's Credit Memo, the Location Box would be filled in "CM, Page 3". If the information is provided as a separate attachment, the Location Box would reference that attachment.

List of Reference Documents

Credit Memo	CM	Business Appraisal	BA
Buy/Sell Agreement	BS	Seller's Note	SN
Tax Return	TR	Business Plan	BP
Buyer Forecast	BF	Attachment	A-1

Description of Information or Analysis	Y	N	N/A	Location
1. Explanation of the Transaction (parties, price and terms, stock/asset sale, earnout, etc.)				
2. Purchase Price and Breakdown of Source of Funds to Purchase Business				
3. Allocation of Purchase Price (per IRS requirements and Form 8594)				
4. Book Value of Acquired Tangible + Intangible Assets Less Book Value of Assumed Liabilities				
5. Documentation Describing Borrower Contribution				
6. Analysis of Seller Financing (amount, type and amount of standby provisions, etc.)				
7. Role/Compensation of Seller (training period, employment contract, incentives, etc.) During 1 st Year of New Ownership				
8. Role/Compensation of Borrower During 1 st Year of New Ownership				
9. Source of Buyer Funds to Support Working Capital, Capital Expenditures, etc. During First Year				
10. Evaluation of Buyer/Borrower Work/Entrepreneurial/Management/Credit Experience				
11. Lender Analysis of Historical and Projected Debt Service (based on proposed financing terms)				
12. Adjustments Made to Historical Profits to Reach Cash Flow Figures (as used to assess debt service)				
13. Justification and Support for Assumed Growth Rate in Revenues/Earnings/Cash Flow During First Year				
14. Was Business Appraisal compliant with USPAP and SOP50-10(5)(A)?				
15. Did Business Appraiser Clarify/Support Cash Flow and Cap Rate/Multiple Determination?				

Deleted: Requested

June 18, 2009

Deleted: May