



ELIGIBILITY INFORMATION REQUIRED FOR 504 SUBMISSION (NON PCLP)

OMB APPROVAL NO.: 3245-0071
EXPIRATION DATE: 12/31/2019

The CDC completes this form to help SBA carryout its lender, portfolio and program oversight as part of the application package for Section 504 Loan and sends to: Sacramento Loan Processing Center, Small Business Administration, 6501 Sylvan Road, Suite 111, Citrus Heights, CA. 95610-5017.

I. General Information - Fill out all blanks and answer all questions. If a question is answered "No," the loan is not eligible.

Applicant Name:
CDC Name:

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 ___

II. Size and Affiliation - Check Any Item(s) That Are Applicable and if checked answer the questions.

___ Applicant has possible affiliates. *If item is checked, provide the following information in Exhibit 1 of Form 1244:*

List possible Affiliates, discuss possible bases of affiliation and determine if affiliation exists.

If affiliation exists, provide a schedule showing combined size calculation. YES ___ NO ___

___ Applicant business meets the size standards.

The combined size calculation of Applicant and its Affiliates (if any) 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 ___

i. If using the 504 size standard:

- Tangible net worth of Applicant (excluding its Affiliates)
- Average net income after Federal income taxes (excluding any carry over losses) for the Applicant (excluding its Affiliates) for the preceding two completed fiscal years

ii. If using the alternative 7(a) size standard:

- Primary industry of Applicant
- NAICS Code of applicant
- Average annual receipts of applicant business (excluding affiliates) over last 3 completed fiscal years
- Number of employees of applicant business
- SBA size standard for Applicant

___ The size standard is exceeded by no more than 25%.

Applicant agrees to use the assistance within a labor surplus area.

YES ___ NO ___

___ Applicant business is or will be operating under a franchise/license/dealer/jobber or similar agreement.

If checked, answer the following statements (if "no," loan is not eligible):

(a) Applicant's brand is eligible for SBA financial assistance and either (a) it meets the FTC definition of a franchise and is included on the SBA Franchise Directory, or (b) does not meet the FTC definition of a franchise.

YES ___ NO ___

(b) If Applicant operates under multiple agreements, CDC has determined that all of Applicant's brands are eligible, and those brands that meet the FTC definition of a franchise are on the SBA Franchise Directory.

YES ___ NO ___

(c) If the Applicant's brand is not on the SBA Franchise Directory, CDC has determined that the brand does not meet the FTC definition of a franchise, but is eligible for SBA financial assistance. CDC has explained its determination in its credit memorandum and submitted the agreement and any other documentation required by the brand to the SLPC with its application.

YES ___ NO ___

III. Business Revenue

Applicant does not earn 1/3 or more of its gross annual revenue from packaging SBA loans.

YES ___ NO ___

IV. Project Financing – Answer All Questions. If a question is answered “No,” the loan is not eligible.

The Interim Loan does not cover the Borrower’s contribution. The source of interim financing is not from any SBA Program, directly or indirectly; the terms and conditions of the financing are acceptable; the source is not the Applicant or an Associate of the Applicant; and the source has the experience and qualifications to monitor properly all Project construction and progress payments.

YES ___ NO ___

The Borrower contribution is cash or property that is part of the Project Property and is not derived from an SBA Business Loan Program. If the contribution is borrowed, the interest rate is reasonable and any lien on the Project assets is subordinate to the liens securing the 504 loan, and the loan will not be repaid at a faster rate than the 504 loan.

YES ___ NO ___

The Third Party Loan is at least as much as the 504 Loan (net proceeds). The Third Party Loan(s) has a term of at least 7 years for a 10-year debenture and at least 10 years for a 20-year or 25-year debenture. The interest rate is reasonable. Any Financing provided by the seller of Project Property is subordinate to the 504 loan and may not be prepaid without SBA consent.

YES ___ NO ___

No more than 50% of eligible Project costs are from Federal sources.

YES ___ NO ___

V. Use of Project Proceeds – Check Any Item(s) That Are Applicable.

___ To relocate any operations of a small business which will cause a net reduction of one-third or more in the workforce of the relocating small business or a substantial increase in unemployment in any area of the country. *If item is checked, answer the following questions. If “No,” loan is **not eligible**.*

The relocation is key for economic reasons and crucial to the continued existence, economic wellbeing, and/or competitiveness of the applicant; and the economic development benefits to the applicant and the receiving community outweigh the negative impact on the community from which the applicant is moving.

YES ___ NO ___

___ To provide or refinance funds used for payments, distributions, or loans to Associates of the Applicant. *If item is checked, loan is **not eligible**.*

___ To acquire, construct, or modify buildings and improvements, and/or to purchase and install machinery and Equipment located on land leased to the Applicant by the CDC or an unrelated lessor. *If item is checked, answer the following questions. If “No,” loan is **not eligible**.*

The remaining term of the lease, including options to renew, exercisable solely by the lessee, will equal or exceed the term of the debenture, or, in the case of machinery or equipment, equals or exceeds the useful life of the property or the term of the debenture, whichever is less.

YES ___ NO ___

The Applicant will assign its interest in the lease to the CDC with right of reassignment to SBA.

YES ___ NO ___

If CDC is leasing property to the Applicant, the rent paid during the debenture term will pay principal and interest on all debt incurred by the CDC to finance the Project, and all related expenses.

YES ___ NO ___

___ Debt refinance as part of an expansion is included in Project costs: *If checked, answer the following questions. If “No,” loan is **not eligible**.*

Total debt refinanced is no more than 50% of new expansion costs;
Either:

YES ___ NO ___

1. Substantially all (85% or more) of the proceeds of the existing debt was used to acquire land, including a building situated thereon, to construct a building thereon, or purchase equipment and the remaining amount (15% or less) was incurred for the benefit of the small business seeking the refinancing; or
2. If the land, building, or equipment was originally financed through a commercial loan (hereafter the “original loan”) that was subsequently refinanced one or more times:
 - i. Substantially all (85% or more) of the proceeds of the original loan was used to acquire land, including a building situated thereon, to construct a building thereon, or purchase equipment and the remaining amount (15% or less) was incurred for the benefit of the small business seeking the refinancing; and

YES ___ NO ___

YES ___ NO ___

- ii. The existing debt is the most recent refinancing of the original loan; YES___ NO___
- iii. The existing indebtedness is collateralized by fixed assets; YES___ NO___
- iv. The existing indebtedness was incurred for the benefit of the small business concern; YES___ NO___
- v. Project proceeds will be used only for refinancing existing indebtedness or costs relating to the project financed; YES___ NO___
- vi. The financing will provide a substantial benefit to the borrower when prepayment penalties, financing fees, and other financing costs are accounted for; YES___ NO___
- vii. The Applicant has been current on all payments due on the existing debt for not less than 1 year prior to the date of application for refinancing; YES___ NO___
- viii. The financing under section 504 will provide better terms or rate of interest than the existing indebtedness at the time of refinancing; YES___ NO___
- ix. No debt refinanced is due to an Associate of Applicant; YES___ NO___
- x. No debt refinanced is due to a Small Business Investment Company; YES___ NO___
- xi. No creditor whose debt is refinanced is in a position to sustain a loss causing a shift of any part of a potential loss to SBA. YES___ NO___

Debt refinance without expansion is included in Project costs: *If checked, answer the following questions.*
*If "No," loan is **not eligible**.*

- i. The Refinancing Project does not involve the expansion of a small business; YES___ NO___
- ii. The applicant has been in operation for all of the 2 year period ending on the date of Application. (If the ownership of the applicant has changed during this two year period, the CDC must follow the New Business guidance found in SOP 50 10, Subpart C, Chapter 1, to determine whether the applicant is considered a New Business and document the justification for its determination in Exhibit 1 of SBA Form 1244 (credit memorandum).); YES___ NO___
- iii. The Qualified Debt to be refinanced is a commercial loan:
 - a) 100% of which was for the benefit of the applicant; YES___ NO___
 - b) That was incurred not less than two years before the date of the application; YES___ NO___
 - c) That is not subject to a guaranty by a Federal agency or department; YES___ NO___
 - d) That is secured by 504 Eligible Fixed Assets; YES___ NO___
 - e) That is not a Third Party Loan on an existing 504 project; YES___ NO___
 - f) For which the applicant has been current on all payments due for not less than one year prior to the date of application (as defined in 13 CFR § 120.882(g)); YES___ NO___
 - g) Either:
 - (1) Substantially all (85% or more) of the proceeds of the existing debt was used to acquire an Eligible Fixed Asset(s) and the remaining amount (15% or less) was incurred for the benefit of the small business seeking refinancing; or YES___ NO___
 - (2) If the Eligible Fixed Asset(s) was originally financed through a commercial loan (hereafter the "original loan") that was subsequently refinanced one or more times; (A) substantially all (85% or more) of the proceeds of the original loan was used to acquire an Eligible Fixed Asset(s) and the remaining amount (15% or

less) was incurred for the benefit of the small business seeking the refinancing; and (B) the existing debt is the most recent refinancing of the original loan; YES___ NO___

iv. This question applies only if the original loan was for the construction of a new building, or the acquisition, renovation, or reconstruction of an existing building, and such loan would not have satisfied the leasing policies set forth in 13 CFR §§ 120.131 and 120.870(b); Borrower is able to demonstrate compliance with 13 CFR 120.131(b) for existing buildings as of the date of application for assistance; YES___ NO___ N/A___

v. If there is a deficiency remaining on the loan to be refinanced, has it been addressed by one or more of the three methods below (check all that apply): YES___ NO___
___(a) Forgiveness of all or part of the deficiency
___(b) Acceptance of payment by the borrower
___(c) Requiring the borrower to execute a note for the balance or any portion of the balance. This note must be subordinate to the 504 if secured by any of the same collateral.

vi. If the Refinancing Project includes financing for Eligible Business Expenses (as defined in 13 CFR § 120.882(g)), the expenses are eligible for financing, are included in a detailed and itemized list in the Credit Memorandum, and do not exceed the amount allowed under 13 CFR § 120.882(g); YES___ NO___

vii. The funding for the Refinancing Project includes an amount from the Third Party Lender equal to or greater than the 504 net debenture amount, and not less than either 10% or 15% from the Borrower as required by 13 CFR § 120.882(g); YES___ NO___

viii. The Third Party Lender will have a first lien position and the 504 loan will have a second lien position on all Eligible Fixed Assets securing the Refinancing Project; YES___ NO___

ix. The refinancing meets the job creation, retention, or other economic development objectives outlined in 13 CFR §§ 120.861 or 120.862 and SOP 50 10 5; YES___ NO___

x. The Refinancing Project costs only include the amount used to refinance the Qualified Debt, any Eligible Business Expenses, and other costs under 13 CFR §§ 120.882(c) and (d) and eligible administrative costs under 13 CFR § 120.833; YES___ NO___

xi. No debt being refinanced is due to an Associate of the Applicant;

xii. No debt being refinanced is due to a Small Business Investment Company or a New Markets Venture Capital Company; and YES___ NO___

xiii. No creditor whose debt is refinanced is in a position to sustain a loss causing a shift of any

VI. Conflict of Interest of a potential loss to the SBA.

SBA may not provide financial assistance to an applicant where there is any appearance of a conflict of interest on the part of SBA or the CDC.

A) All statements must be answered as "True" to be eligible.

• If the applicant's sole proprietor, partner, officer, director, or stockholder with a 10% or more interest, or a household member is a GS-13 or higher government employee or a Major or Lieutenant Commander or higher in the military, the small business applicant has submitted to the CDC a statement of no objection by the pertinent government department or military service. True___ False___

• No CDC or Associate** of CDC 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. True___ False___

• No CDC or Associate or close relative of an Associate of the CDC has a direct or indirect financial or other interest in the Applicant, or has had such an interest within 6 months prior to the date of the application. True___ False___

• No Associate of a CDC is incarcerated, on parole, or on probation or is a convicted felon or has an adverse final civil judgment (in a case involving fraud, breach of trust, or other conduct) that would cause the public to question the CDC's business integrity. True___ False___

- No CDC or any Associate of CDC has accepted funding from a source that restricts, prioritizes, or conditions the types of small business that CDC 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. True___ False___
- None of the loan proceeds will directly or indirectly finance the purchase of real estate, personal property or services from CDC or an Associate of CDC. True___ False___
- Neither the Applicant, an Associate of Applicant, close relative, nor household member of an Associate of Applicant is required to invest in CDC. True___ False___
- None of the proceeds of the loan will be used to acquire space in project for which CDC has issued a real estate forward commitment. True___ False___

B) Check any item(s) that are applicable. If checked, SBA Standards of Conduct Committee approval will be required prior to issuance of an SBA loan authorization.

___ SBA employee, the employee’s close relative or a member of the employee’s household is an employee, officer, director, attorney, agent, creditor, or debtor, or has a financial interest in the Applicant.

___ Former SBA employee separated from SBA for less than one year is an employee, officer, director, attorney, agent, creditor or debtor, or has a financial interest in the Applicant.

___ Member of Congress or an appointed official or employee of the legislative or judicial branch (or a close relative or household member of such an individual) is a sole proprietor, general partner, officer, director, employee, attorney, agent, creditor or debtor, or has a financial interest in the Applicant.

___ Member or employee of a Small Business Advisory Council or a SCORE volunteer (or a close relative or household member of such an individual) is a sole proprietor, general partner, officer, director, employee, attorney, agent, creditor, or debtor, or has 10.0% or more financial interest in the Applicant.

___ Employee of community organizations such as a certified development companies or microlenders (or a close relative or household member of such an individual) has a financial interest in the Applicant.

(**Associate of a CDC is an officer, director, key employee, or holder of 20 percent or more of the value of the CDC’s stock or debt instruments or an agent involved in the loan process. An Associate of a small business is an officer, director, owner of more than 20 percent of the equity, or key employee.)

VII. Other - Check Any Item(s) That Are Applicable. If checked, answer the question.

___ Loan proceeds will affect properties included or eligible to be included in the National Register of Historic Places.

Local SBA counsel has made a no adverse effect determination or resolved any adverse effect issues with the State Historic Preservation Officer (“SHPO”) and decision was signed off by the Associate General Counsel for Litigation, or designee. (If “No,” loan is **not eligible**.) YES___ NO___

___ Applicant or Affiliate(s) has/have existing SBA loan(s)

The existing SBA loan(s) is/are current and a schedule is included in Exhibit 1 of Form 1244 (If “No,” loan is **not eligible**.) YES___ NO___

___ Applicant or Associate(s) provided answers to questions 2 and/or 3 in Section XIX of SBA Form 1244 which require a background check and a character determination in accordance with SBA Loan Program Requirements (as defined in 13 CFR § 120.10). If checked, answer the following question. If “No,” loan is not eligible.

CDC received Agency clearance of character determination in writing and has maintained appropriate documentation in loan file. YES___ NO___

___ Business or any of its Associates has been involved, as a borrower or guarantor, 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. (This item must be checked even if the debt related to this loss was discharged in bankruptcy or a compromise agreement was entered into with respect to this loss.) (If checked, identify the business or the Associate involved in the loss and describe the loss caused to the Federal government in Exhibit 1 of Form 1244, and consult with SLPC with respect to the need to request and be granted a waiver in order for the loan to be eligible.)

___ Applicant business appears to be connected, associated or affiliated with a religious organization or may have a religious component. (If checked, CDC must submit SBA Form 1971, "Religious Eligibility Worksheet," and supporting documentation to SLPC with the application and explain in Exhibit 1 of Form 1244)

___ Applicant has products or services of a prurient sexual nature. If checked, CDC must include an analysis of the issue and supporting documentation with its application to the SLPC in Exhibit 1 of Form 1244 and answer the following questions. If "Yes" to either, the loan is **not eligible**.

Applicant presents live performances of a prurient sexual nature.

YES ___ NO ___

Applicant derives more than 5% of its gross revenue directly or indirectly, through the sale of products or services, or the presentation of any depictions or displays, of a prurient sexual nature.

YES ___ NO ___

___ Applicant conducts operations both in the United States and in a foreign country. If checked, answer the following questions. If "No," loan is **not eligible**.

Applicant operates primarily in the United States.

YES ___ NO ___

NOTE: According to the Paperwork Reduction Act, you are not required to respond to this collection of information unless it displays a currently valid OMB Control Number. The estimated burden for completing this form, including time for reviewing instructions, gathering data needed, and completing and reviewing the form is 6 minutes. Comments or questions on the burden estimates should be sent to U.S. Small Business Administration, Chief, AIB, 409 3rd St., SW, Washington DC 20416. **PLEASE DO NOT SEND FORMS TO THIS ADDRESS.**