

504 Risk Based Lender Review

File Checklist

CDC _____	FIRS _____
Loan Name _____	SBA Loan # _____
Approved Amount \$ _____	Current Balance \$ _____
Approval Date _____	Final Funding Date _____
Third Party Lender _____	First Lien Amount \$ _____
Delivery Method _____	Amt of Other SBA Loans _____
Reviewer Name _____	Review Date _____

Status

- Current
 Past Due
 Delinquent (+60 days)
 Active Purchase
 Liquidation

Check any of the following that apply to this loan

- EPC/OC
 Franchise
 Rental Property
 Early Default
 Start-up
 Existing Business

Use of Proceeds (\$ Amount)

_____ Machinery/Equipment	_____ Fixtures	_____ Leaseholds
_____ Purchase R/E	_____ Construct R/E	_____ Other
_____ Other	_____ Other	_____ Other

Key Metrics

_____ Debt/Net Worth	_____ Current Ratio
_____ Equity Contribution %	_____ Debt Service Coverage

ELIGIBILITY

		<i>Reference: 13 CFR §120.100, 101, 102,103, 110, 111, 860, 861, 862, 880, 881 & SOP 50 10 5 (C) Subpart C Chapter 2 & www.frandata.com.</i>				
Questions	Req	Yes	No	NA	Explain	
1. Business is an eligible for-profit, domestic operation.	X					
2. Size determinations were correct and analyzed according to SBA policy.	X					
3. Written evidence that credit is not available elsewhere without guarantee provided by SBA.	X					
4. Franchise is on FranData, lender obtained Cert. of Change/No Change or otherwise eligible per SBA requirements.						
5. SBA Form 912 "Statement of Personal History" obtained for all the owners, loan guarantors, and key management (if applicable); if any question answered in the affirmative proper SBA clearance was obtained.	X					
6. No prior loss to the Government from prior federal assistance.	X					
7. Owner(s) & guarantor(s) are eligible citizens or have eligible non-citizen status.	X					
8. All EPC/OC conditions have been met.						
9. Project meets at least one of the required Job Opportunity standards.						
10. Project is not relocating, causing a reduction in workforce or increasing unemployment in any area of the country.						
11. Loan proceeds were used for eligible business purposes in accordance with Loan Authorization.						
12. Loan proceeds used for refinance meet refinancing requirements.						
13. All occupancy percentage and proceed requirements are met.						
14. Business meets all other eligibility requirements.						

15. No actual or apparent conflicts of borrower and/or CDC were detected.					
Additional Comments:					

CREDIT STANDARDS AND UNDERWRITING

<i>Reference: 13 CFR §120.110, 150, 910, 912 & SOP 50 10 5 (C) Subpart C Chapter 1 & Chapter 4</i>					
Questions	Req	Yes	No	NA	Explain
16. Personal resources test to determine appropriate borrower contribution for the project was performed and documented.					
17. Credit analysis was performed and included repayment ability based on historical income statements and/or tax returns.					
18. Repayment is justified based on projections with reasonableness of assumptions and compared to industry standards.					
19. A ratio analysis of the financial statements including comments on any trends and a comparison with industry averages was performed.					
20. Owners' & managers' relevant experience in business, credit histories & explanation of adverse info on credit histories.					
21. Consider the economic viability of the market in which loans are made.					
22. Borrower's equity contribution has been verified prior to disbursement through supporting documentation.					
Required Narrative Describing Credit Underwriting:					

COLLATERAL, APPRAISALS AND ENVIRONMENTAL POLICIES

<i>Reference: 13 CFR §120.150, 160, 170, 848, 920, 923 & SOP 50 10 5 (C) Subpart C Chapter 3</i>					
Questions	Req	Yes	No	NA	Explain
23. CDC determined the project collateral 2 nd lien position is adequate and no additional collateral is required.					
24. CDC collateral analysis includes liquidation value of pledged collateral.					
25. Appraisals were obtained and comply with SBA loan program requirements					
26. Environmental assessment was conducted and documented (Environmental Investigation Report and reliance letter).					
27. Collateral and appraisal analysis complies with CDC internal control policies					
Additional Comments:					

LOAN AUTHORIZATION, CLOSING AND DISBURSEMENT

<i>Reference: 13 CFR §120.150, 160, 170, 191, 848 & SOP 50 10 5 (C) Subpart C Chapter 3, Chapter 5, Chapter 6 and Chapter 7.</i>					
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Questions	Req	Yes	No	No	Explain
28. Loan Authorization prepared in accordance with credit memo.					
29. Hazard Insurance Policies obtained for all assets pledged as collateral.					
30. Standard Flood Insurance Policy or documentation showing property is not located in a special flood hazard area.					
31. Life Insurance determination documented.					
32. Collateral assignment of life insurance obtained (if applicable).					
33. Other insurance policy requirements (workers' comp, disability, malpractice).					
34. Reconciled IRS tax transcripts to verify historic financial information upon which credit decision was made.					
35. Stand-by agreements with a copy of the note were obtained and properly executed (if applicable).					
36. All required SBA Forms 159 (Fee Disclosure Form and Compensation Agreement) to identify all agent/broker relationships were obtained.					
37. All required personal and corporate guarantees (SBA Form 148/148L) were obtained.					
38. Evidence that the loan proceeds were used for purposes defined in the loan authorization.					
39. All required collateral lien positions have been adequately perfected.					
40. Loan risk rating reflects the risks posed at the time of closing.					
Additional Comments:					

SERVICING AND LIQUIDATION

<i>Reference: 13 CFR §120.535, 540, 848, 970, 975, SOP 50 50 4 Chapter 4 & SOP 50 51 3 Chapter 6, Chapter 7, Chapter 8 & Chapter 19.</i>				
Questions	Yes	No	Explain	
41. Lender obtained annual financial statements and analyzed in accordance with loan authorization.				
42. Monitoring of continued creditworthiness is considered sufficient and describe the evidence in file.				
43. Evidence that the loan has been risk rated at least annually in accordance with CDC's risk rating policies.				
44. SBA form 1506 Servicing Agent Agreement executed properly.				
45. Evidence that CDC performed a site visit or engaged in other intensive servicing activities when loan became 60 days past due.				
46. CDC had prior written SBA approval for servicing and/or liquidation actions as described in the SOP.				
47. PCLP's servicing/liquidation actions were documented and well justified.				
48. SBA was notified upon classification of the loan "in liquidation".				
49. CDC has a written liquidation plan.				
50. Evidence that, upon placing the loan in liquidation, CDC performed timely site visits and took reasonable steps to secure the collateral.				
51. Current appraisals were used by the CDC to evaluate liquidation collateral.				
52. In a liquidation case where property title was taken, an environmental review was done prior to the acquisition of title.				
53. CDC has forwarded all recoveries on repurchased debentures within 15 days of receipt.				
54. The Wrap-Up Report has been completed and submitted to SBA in accordance with loan program requirements.				

Additional Comments:

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (RECOVERY ACT)

Reference: 74 FR 27196 of June 8, 2009, Policy Notice 5000-1097, Policy Notice 5000-1103 & Policy Notice 5000-1105.

Questions	Yes	No	Explain
RA1. If a Recovery Act loan, all guaranty fee collections, payments and/or Reimbursements are in accordance with Recovery Act requirements.			
RA2. If a Recovery Act loan, loan is not made to restricted industry.			

Additional Comments:

ADDITIONAL REFERENCE
SOP EFFECTIVE DATES

ORIGINATION

50-10 (4)	12/01/00
50-10 (5)	08/01/08
50-10 5A	03/01/09
50-10 5B	10/01/09
50-10 5C	10/01/10
50-10 5D	10/01/11

LIQUIDATION

50-51 2	12/01/97
50-51 2B	04/20/05
50-51 2C	09/06/05
50-51-3	11/15/10