

7(a) Risk- Based Lender Review File Checklist

Lender		FIRS	
Loan Name		SBA Loan #	
Approved Amount	\$	Current Balance	\$
SBA Authorization Date		Final Funding Date	
Guaranty Fee Due Date		Guaranty Paid Date	
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 Change of Ownership Existing Business
 Start-up Early Default Sold in the Secondary Market

Use of Proceeds (\$ Amount)

Machinery/Equipment	Fixtures	Leaseholds
Purchase R/E	Construct R/E	Business Acquisition
Working Capital	Debt Refinance	Other

Key Metrics

Debt/Net Worth	Current Ratio	
Equity Injection %	Debt Service Coverage	

ELIGIBILITY

		<i>Reference: 13 CFR §120.101, 102, 110, 111, 130, 140, & SOP 50 10 5 (C) Subpart B Chapter 2 & www.frandata.com.</i>				
Questions	Req	Yes	No	NA	Explain	
1. Business is a 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 Certificate of Change/No Change or otherwise eligible per SBA requirements.						
5. SBA Form 912 "Statement of Personal History" obtained for all 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) and guarantor(s) are eligible citizens or have eligible non-citizen status.	X					
8. All EPC/OC conditions have been met.						
9. Loan proceeds were used for eligible business purposes and in accordance with Loan Authorization.						
10. Loan meets loan program-specific eligibility requirements/restrictions for delivery method under which the loan was approved.						
11. All change of ownership eligibility requirements were met.						
12. All debt refinancing conditions have been met.						

13. Loan proceeds used for same institution debt (SID) refinance meets PLP refinancing requirements.					
14. All occupancy percentage and use of proceed requirements are met.					
15. Business meets all other eligibility requirements.					
16. No actual or apparent conflicts between borrower and/or lender, or lender preferences were detected.					
Additional Comments:					

CREDIT STANDARDS AND UNDERWRITING

		<i>Reference: SOP 50 10 5 (C) Subpart B Chapter 4</i>				
Questions	Req	Yes	No	NA	Explain	
17. Personal resources test was performed and documented for each business owner with 20% or more interest in the business.						
18. Credit analysis was performed and included repayment ability based on historical income statements and/or tax returns for an existing business or business acquisition.						
19. Repayment is justified based on projections with reasonableness of assumptions and compared to industry standards.						
20. A ratio analysis of the financial statements including comments on any trends and a comparison with industry averages was performed.						
21. Business credit reports were obtained and reviewed.						
22. Owners' & managers' relevant experience in business, credit histories & explanation of adverse info on credit histories.						
23. Borrower equity injection appropriate for project and verified prior to disbursement with supporting documentation.						
24. Capitalization has been adequately analyzed for business solvency.						
Required Narrative Describing Credit Underwriting:						

COLLATERAL, APPRAISALS AND ENVIRONMENTAL POLICIES

		<i>Reference: 13 CFR §120.160 & SOP 50 10 5 (C) Subpart B Chapter 2 & Chapter 4</i>				
Questions	Req	Yes	No	NA	Explain	
25. Business valuation was obtained for business acquisition in accordance with SBA loan program requirements (if applicable).						
26. All available collateral was pledged and lender performed an analysis of collateral adequacy, including liquidation values.						
27. Appraisals were obtained and comply with SBA loan program requirements.						
28. Environmental Questionnaire obtained before pledging and/or acquiring title to commercial real estate.						
29. Phase I and/or Phase II Environmental Report was conducted in accordance with SBA loan program requirements and no further remediation required.						

Additional Comments:					
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LOAN AUTHORIZATION, CLOSING AND DISBURSEMENT

	<i>Reference: 13 CFR §120.150, 160, 191, 220, 410 & SOP 50 10 5 (C) Subpart B Chapter 4, Chapter 5, & Chapter 7</i>				
Questions	Req	Yes	No	NA	Explain
30. Loan Authorization prepared in accordance with credit memo.	X				
31. Hazard Insurance Policies obtained for all assets pledged as collateral, if not required it must be documented.					
32. Standard Flood Insurance Policy or documentation showing property is not located in a special flood hazard area.					
33. Life Insurance determination was conducted and documented in accordance with SBA loan program requirements.					
34. Collateral assignment of life insurance obtained (if applicable).					
35. Other insurance policy requirements (workers' comp, malpractice, etc.).					
36. Reconciled IRS tax transcripts for past 3 years (if not a start-up) to verify historic financial information upon which credit decision was made (including affiliates as applicable).					
37. Standby Agreement required for equity injection is properly executed and copy of promissory note is in the file (if applicable).					
38. Standby Agreement(s) obtained and properly executed for other standby debt identified in Loan Authorization (if applicable).					
39. All required personal and corporate guarantees (SBA Form 148/148L) were obtained.					
40. Lender obtained proper lien position as required by Loan Authorization.					
41. Lender has copies of certificate of ownership and/or titles on any non-real estate collateral (vehicles, boats, motor homes, etc.).					
42. All required SBA Forms 159 (Fee Disclosure Form and Compensation Agreement) to identify all agent/broker relationships were obtained.					
43. Guarantee fee paid as required in the authorization and within the required timeframe.					
44. Evidence that the loan proceeds were used for purposes defined in the authorization.					
45. All required collateral lien positions have been adequately perfected.					
46. Loan risk rating reflects the risks posed by the borrower's expected performance at the time of closing.					
Additional Comments:					

SERVICING AND LIQUIDATION

	<i>Reference: 13 CFR §120.150, 220, 410, 536 & SOP 50 50 4 Chapter 4, SOP 50 51 3 Chapter 8, Chapter 10</i>				
Questions	Req	Yes	No	NA	Explain

47. Lender obtained annual financial statements and analyzed in accordance with loan authorization.					
48. Lender's monitoring of continued creditworthiness is considered sufficient.					
49. Evidence that the loan has been risk rated at least annually in accordance with Lender's risk rating policies.					
50. Evidence that Lender monitors required insurance coverage at least annually.					
51. Evidence that Lender has kept all lien positions current.					
52. Evidence that Lender performed a site visit or engaged in other intens servicing activities when loan became 60 days past due or otherwise indicated reasons for elevated concern.					
53. Lender had prior written SBA approval for servicing and/or liquidation actions as described in the SOP.					
54. Initial deferment occurred within 18 months from initial disbursement.					
55. Lender has provided written notice to SBA upon classification of the loan "in liquidation".					
56. Lender had a written liquidation plan.					
57. Evidence that, upon placing the loan in liquidation, lender performed timely site visits and took reasonable steps to secure the collateral.					
58. Current appraisals were used by the Lender to evaluate liquidation collateral.					
59. In a liquidation case where property title was taken, an environmental review was done prior to the acquisition of title.					
60. Lender has forwarded all recoveries to SBA within 15 days of receipt.					
61. The Wrap-Up Report has been completed and submitted to SBA in accordance with SBA loan program requirements.					
Additional Comments:					

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (RECOVERY ACT)

	<i>Reference: 74 FR 27196 of June 8, 2009, 74 FR 27243 of June 9, 2009, Policy Notice 5000-109, Policy Notice 5000-1103, Policy Notice 5000-1105, Policy Notice 5000-1107.</i>				
Questions	Req	Yes	No	NA	Explain
RA1. All guaranty fee collection, payment and/or reimbursements are in accordance with Recovery Act requirements.					
RA 2. Loan funded with Recovery Act funds for a project with restricted uses.					
RA3. Recovery Act proceeds used for working capital.					
RA4. If Recovery Act proceeds are used for working capital, Lender obtained certification executed by borrower and/or OC certifying the use of working capital funds.					
RA5. If an America's Recovery Capital (ARC) loan, all requirements of the ARC loan program procedure guide were followed.					
RA6. If an ARC loan, 1502 reporting is in accordance with SBA loan program requirements.					
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