



Commercial Loan Service Center — Fresno, California

COMMON SERVICING REQUESTS

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Note: The reinstatement format is available electronically and can be provided to the lender upon request.

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UNITED STATES SMALL BUSINESS ADMINISTRATION

COMMERCIAL LOAN SERVICING CENTER

801 R Street, Suite 101

Fresno, California 93721

800-347-0922 202-481-0483 FAX

FSC.servicing@sba.gov

REFERENCE: SBA Loan Number:

Borrower Name:

Dear Lender:

Thank you for informing the SBA that the above-referenced loan has been erroneously reported as Paid in Full (PIF). The SBA can consider reversing the PIF status of the loan back to regular servicing provided you certify in writing to the following items:

(If any of the items below require more space, please attach a separate sheet)

<u>Yes</u>	<u>No</u>	<u>CONDITION:</u>
1. _____	_____	Is the loan current? If No, explain.
2. _____	_____	Has the guaranty fee been paid? If No, explain.
3. _____	_____	Has the loan been reported on all subsequent 1502 monthly reports since the incorrect PIF status entry? If No, explain.
4. _____	_____	Has the lender paid the monthly servicing fees since the date of the incorrect PIF status? If No, explain.
5. _____	_____	Can you certify that there has been no default? If No, explain.
6. _____	_____	Does lender have any knowledge that an adverse change is imminent?*
		If Yes, explain.
		<i>*The determination as to whether there has been any adverse change must be as a result of an analysis of the financial condition of the business based on current financial statements as well as an analysis of the borrower's compliance with the authorization or loan agreement and a review of any changes that have occurred including changes to the organization, management, operations of the business, assets of the borrower(s) and guarantor(s).</i>
7.		Current loan balance: \$ _____
8.		Explain what caused the mistake or inadvertent PIF reporting: _____
9.		Intended maturity date, should the reinstatement be approved: _____

Certified by:

Name (print): _____ Date: _____

Name (signature): _____ Phone: _____

Title: _____ Fax: _____

You are encouraged to refer to Standard Operating Procedure (SOP) 50 50 4A (as amended on November 2, 1998) Chapter 10, paragraph 3 (page 10-4) for further information.

Respond to all items above. An incomplete and/or unsigned response will not be processed. Once complete, please send your request to fsc.servicing@sba.gov. Thank you



UNITED STATES SMALL BUSINESS ADMINISTRATION

COMMERCIAL LOAN SERVICING CENTER

801 R Street, Suite 101

Fresno, California 93721-2365

800-347-0922 202-481-0483 FAX

FSC.Servicing@sba.gov

REFERENCE: SBA Loan Number:

Borrower Name:

Dear Lender:

Thank you for informing the SBA that the above-referenced loan was erroneously reported as CANCELLED. The SBA will consider reinstating the status of the loan back to regular servicing provided the cancellation was not intentional and you certify in writing to the following items:

(If any of the items below require more space, please attach a separate sheet)

- **An incomplete and/or unsigned response will not be processed**

<u>Yes</u>	<u>No</u>	<u>CONDITION:</u>
		<i>*The determination as to whether there has been any adverse change must be as a result of an analysis of the financial condition of the business based on current financial statements as well as an analysis of the borrower's compliance with the authorization or loan agreement and a review of any changes that have occurred including changes to the organization, management, operations of the business, assets of the borrower(s) and guarantor(s).</i>
1. _____	_____	Can you certify that there has been no un-remedied adverse change in the financial condition, organization, operations, or fixed assets of the Borrower or Operating Company since the date of the application of the guaranty? If No, explain below.
2. _____	_____	Has the guaranty fee been paid? If No, explain below.
3. _____	_____	Has the loan been disbursed?
4. _____	_____	If so, can you certify that the loan is current? If No, explain below.
5. _____	_____	Has the lender been reporting the loan on all 1502 monthly reports and paying the SBA on-going servicing fees in a timely manner? If No, explain below.
6. _____	_____	Please provide all required explanations below: (for example, explain why the lender failed to pay the correct guaranty fee within the required timeframe and what the lender has done to correct the deficiencies in its procedures).

Certified by:

Name (print): _____ Date: _____
Name (signature): _____ Phone: _____
Title: _____ Fax: _____

You are encouraged to refer to Standard Operating Procedure (SOP) 50 10 C, Subpart B, Chapter 3, Section V, Paragraph E, as well as Standard Operating Procedure (SOP) 50 50 4A (as amended on November 2, 1998) Chapter 10, paragraph 3 (page 10-4) for further information.

You must respond to all items above. An incomplete and/or unsigned response will not be processed. You may fax your request to (202) 481-0483 or email it to fsc.servicing@sba.gov. Should you have any questions, please contact the Servicing Department at (800) 347-0922.

Please note, a history of failure to pay required guaranty fees will impact a lender's participation in SBA programs with delegated authority such as PLP or SBA Express.



UNITED STATES SMALL BUSINESS ADMINISTRATION

COMMERCIAL LOAN SERVICING CENTER

801 R Street, Suite 101

Fresno, California 93721

800-347-0922 PH 202-481-0483 FAX

Reference: SBA Loan #

Dear Lender:

You have expressed an interest in the transfer of the SBA guaranty on the above-referenced loan. In order for us to evaluate your request, please provide the following items/information:

	<u>Yes</u>	<u>No</u>	
1.	_____	_____	Did the borrower request the transfer?
2.	_____	_____	Has the loan been sold in the secondary market?
<i>If yes, please note: Both the buying and the selling lenders must provide written notification to the fiscal transfer agent (FTA) of the transfer of SBA's approval.</i>			
3.	Date of 750 Agreement of transferee lender: _____		
4.	FIRS # of purchasing lender: _____ Location ID : _____		
5.	Check one: Transferee lender is ___ GP ___ CLP ___ PLP		
	Transferee lender is certified for: ___7(a) ___LowDoc ___SBAExpress		
6.	What is the purpose of the transfer?		

7.	How will the transfer benefit the borrower?		

Please return a completed copy of this form along with the executed **Transfer of Participation Agreement** to FSC.Servicing@SBA.gov. Also, please be advised that separate forms are needed for each proposed transfer.

SBA Loan No. _____

Borrower: _____

TRANSFER OF PARTICIPATION AGREEMENT

WHEREAS, on the _____ day of _____ a certain Promissory Note in the original amount of \$ _____ was executed by _____, hereinafter called "Borrower," and delivered to _____, hereinafter called "Transferor," and

WHEREAS, the repayment of the loan was partially guaranteed by the United States Small Business Administration (SBA) under the provisions of a Loan Guaranty Agreement, SBA Form 750, made by and between Transferor and the SBA, and the Authorization for Guaranty dated _____, and

WHEREAS, the Transferor desires to sell, transfer and assign its participation in the loan to _____, hereinafter called "Transferee", and

WHEREAS, the Transferor has notified the borrower of the details of this transfer, and

WHEREAS, Transferee has made and entered into a Loan Guaranty Agreement, SBA Form 750.

NOW THEREFORE, in consideration of the consent and agreement of the SBA to the Transfer of Participation, the Transferee hereby agrees to purchase the entire interest of the Transferor in the loan and agrees to assume all the obligations of the Transferor under the **Loan Guaranty Agreement and Guaranty Authorization, copies of which are attached as Exhibits "A."**

The _____ further agrees to obligate itself and be and remain
[Insert name of Transferee or Transferor]
liable for any and all deficiencies which may have resulted in Transferor's closing or servicing of this loan.

IN WITNESS WHEREOF, this Agreement is executed by the undersigned parties as of the _____ day of _____, 20____.

Transferor: _____

Transferee: _____

Lender Name: _____

Lender Name: _____

By: _____

By: _____

Address: _____

Address: _____

Lender *Location ID*: _____

Lender *Location ID*: _____

Telephone Number _____

Telephone Number _____

Facsimile Number _____

Facsimile Number _____

UNITED STATES SMALL BUSINESS ADMINISTRATION

By: _____

Title: _____

801 R Street, Suite 101
Fresno, California 93721

NOTE TO TRANSFEROR:
Please indicate on Form 1502 that loan has been Transferred. Use Code 7 DO NOT USE code 6.

DO NOT report as "Paid in Full"

7a/SBAEXPRESS SERVICING ACTION CHECKLIST
If lender notifies SBA via E-TRAN of a change, use of this form is not necessary

TO: ___ Fresno Commercial Loan Service Center FAX: 202.481.0483 E-mail: fsc.servicing@sba.gov
 ___ Little Rock Commercial Loan Service Center FAX: 202.292.3878 E-mail: lrsc.servicing@sba.gov
 (If faxed, please be sure to include e-mail contact information to avoid delays in processing)

RE: SBA Loan Name: _____ SBA Loan No. _____

FROM: Lender Name: _____
 Loan Officer's Name: _____ E-Mail: _____@_____
 Phone: _____ Fax: _____

*Pursuant to Procedural Notice 2000-766, SBA requires lenders to use www.Pay.gov for the payment of all loan guaranty fees.
(Once SBA changes its records to reflect an extension of maturity beyond 12 months or an increase to the loan approval amount, the additional guaranty fee is earned and cannot be refunded.)*

This loan has been sold on the secondary market and investor approval has been obtained for the below servicing action
*For any increase to a **RLOC of more than 33%** of the original loan amount, the lender must include its analysis showing the borrower's cash flow can support the increased payment amount. For any increase to a **term loan of more than 20%** of the original loan amount or more than **18 months** after the original approval date, the lender must **also** include with its request its analysis showing the purpose of the increase is the same as the original purpose of the loan.*

Request SBA approve an **increase to this term loan** from \$ _____ to \$ _____
 Proof of payment of the additional guaranty fee in the amount of \$ _____ is attached, as required.
 I understand that SBA's database will need to be updated and have attached a memo that explains the reason for the change along with a description of the new use of proceeds.

Request SBA approve an **increase to this revolving line of credit** from \$ _____ to \$ _____
 Proof of payment of the additional guaranty fee in the amount of \$ _____ is attached, as required.
 I understand that SBA's database will need to be updated and have attached a memo that explains the reason for the change along with a description of the new use of proceeds.

Inform SBA of **decrease in the approved loan amount** from \$ _____ to \$ _____
 I understand that SBA's database will need to be updated and have attached a memo that explains the reason for the change along with a description of the new use of proceeds (Once SBA changes its records to reflect a decrease in loan amount an increase request, as seen above, is required for reversal)

Request SBA approve an **increase in the guaranty percentage** from _____% to _____%
 Proof of payment of the additional guaranty fee in the amount of \$ _____ is attached, as required.

Inform SBA of a **decrease in the guaranty percentage** from _____% to _____%

Inform SBA of a **change in interest rate (after the first adjustment)** to: Spread: _____ Initial interest rate: _____

Request SBA consider **extending the guaranty** to ____/____/____, as this **loan has already matured**.
 This modification is extending the loan beyond the initial 12 months and proof of payment of the additional guaranty fee in the amount of \$ _____ is attached, as required.

Inform SBA, **prior to the stated maturity**, that the **maturity date has changed** to ____/____/____.
 This modification is extending the loan beyond the initial 12 months and proof of payment of the additional guaranty fee in the amount of \$ _____ is attached, as required.

Inform SBA that the guaranty has been **terminated or paid in full** as of ____/____/____.

Inform SBA of a (legal trade/DBA) **name of the business change** to: _____

This action includes a change/addition of an obligor's EIN: _____ (9 digits)
 I understand that SBA's database will need to be updated to include the new *Legal Organization Type* of:
 ___ Cooperative ___ Corporation ___ Joint Venture ___ LLC ___ LLP ___ NPO ___ Partnership
 ___ Professional Association ___ Sole Proprietorship ___ Subchapter S Corporation ___ Trust

This action includes a change/addition of an obligor's SSN: _____ (9 digits)
 I understand that SBA's database will need to be updated to include the following information:
Name (First Middle Last): _____
Date of Birth: ____/____/____ Phone: _____ E-Mail: _____@_____
Address: _____ City: _____ State: _____ Zip: _____

Inform SBA (business borrower) address changed to: _____ City: _____ State: _____ Zip: _____

For any actions other than those listed above that require SBA consent, do not use this checklist. Send a written request in an e-mail message conforming to the guidelines set forth in the SOP 50 51 4. Please refer to the [7a Lender Matrix](#) for additional information on servicing actions and the use of E-Tran.

The lender certifies that this request complies with SOP and/or any applicable program guide:

By: (Name, Title) _____
Date

NOTICE OF UNILATERAL ACTION
NO STAMP RESPONSE FROM SBA REQUIRED

September 1, 2006

U.S. Small Business Administration
Fresno Service Center
801 "R" Street, Suite 101
Fresno CA 93721

RE: Tasty Candy
Loan No. EXP 4444434000
Balance: \$19,154.26 Status: Current

Dear Sir(s):

The Bank has approved a request for a 3 month interest only period for the months of May, 2006 through July, 2006. The principal and interest payment period will resume with the August, 2006 payment. The maturity date will be extended 3 months as well to April 19, 2013.

The reason for the request, in interest only payments, is to assist the borrower with current cash flow. In the opinion of the bank, this action is in the best interest of the borrower.

Action approved by: Marsha Smith
Servicing Agent
559-123-4567
M.Smith@xyz.xyz

Bank of Kingsburg

111 Kingsburg Road
Kingsburg CA 90000
(559) 010-0100
FAX (559) 010-0111

Small Business Administration
Fresno Servicing Center
801 "R" Street, Suite 101
Fresno, CA 93721

RE: Kingsburg Steakhouse
PLP #: 9999994000

Dear Reader:

Bank of Kingsburg is requesting your approval of the following:

- Increase the SBA 7a loan from \$302,000 to \$328,000 (\$26,000 increase).
- Additional \$585.00 guarantee fee will be wired to SBA – Denver Office.

The customer is a start up restaurant in Kingsburg, CA. The business is located in a rapidly growing residential community, near a very busy and highly visible retail center.

SBA approved the \$302,000 loan on 11/14/2005. The loan closed on 11/30/05 and the store opened for business in August, 2006. The customer has requested additional funds for leasehold improvements due to additional costs associated with new windows and doors. The total additional cost is \$36,000 with the customer providing an additional equity injection of \$10,000. The \$26,000 advance will require an additional annual debt service of \$9,000. Projected cash flow coverage will change from 1.50X to 1.40X.

We appreciate your consideration and approval of this request. Please contact me with any questions or issues at (559) 111-2222 or Deb-Jones@xyz.xyz

Sincerely,

Deb Jones
Vice President

U.S. Small Business Administration
Fresno Servicing Center
801 "R" Street, Suite 101
Fresno CA 93721

RE: SBA loan #4445554400 – Fowler Bakery

Dear Sir(s):

A guarantor, Bob Fowler, for the above referenced loan is working to refinance his house located at 444 Fowler Ave., Fowler CA and has requested that we consider removing the mortgage lien on that property. The loan funded in April, 2001 and has never missed a payment. The original loan balance of \$300,000 has been reduced to \$165,022. Therefore, this request is for a mortgage release on secondary collateral.

A collateral analysis for this loan is listed below

<u>Property</u>	<u>Value</u>	<u>LV</u>	<u>Prior liens</u>	<u>Net value</u>
Project property	620,000*	465,000	269,455	195,545
House – Fowler	215,000	172,000	200,000	0

- Appraisal dated May 7, 2006
- Balance of SBA loan as of September, 2006 - \$165,022.

As can be deduced from the above analysis, the loan realizes full collateral coverage from the project property. Mr. Fowler's house actually adds nothing to the collateral pool utilizing liquidation factors.

The bank has evaluated the financial performance of the operating company which has experienced growth since the funding of the SBA loan. The business owner has increased sales and profits while also demonstrating the ability to manage expenses. Our financial evaluation of the company is favorable and we have no issues with the release of the secondary collateral from a credit standpoint. YE F/S 12/31/05 reveal:

Gross sales	\$2,000,000
Net income	\$100,000
+ Interest Exp.	\$50,000
+ Depreciation Exp	<u>\$50,000</u>
Quick Cash flow	\$200,000
- SBA payments	(\$30,000)
- Other long term	<u>(\$30,000)</u>
Cash flow after D/S	\$140,000

This seasoned loan has always met the terms of the loan agreement. The loan has full collateral coverage and the payment history and financial performance has been very good. Bank recommends approval.

Small Business Administration
 Portfolio Management Department
 Fresno Servicing Center
 101 "R" Street, Suite 101
 Fresno, CA 93721

RE: Cutler Oil
 GP 7777770000 – Loan #1
 PLP 7788880000 – Loan #2

Dear Reader:

Guaranty Bank of Cutler is requesting your approval of the following:

- **Increase subordination on accounts receivable and inventory from \$150M to \$225M.**

Guaranty Bank of Cutler has approved the renewal and increase of an existing RLOC from \$150M to \$225M. Approval is subject to SBA consent of the continued subordination of loans 1 & 2 above on accounts receivable and inventory. SBA has already subordinated A/R and inventory to a \$150M RLOC that will expire 10/15/2006. RLOC increase is needed due the increased working capital needs of the SBC.

The collateral position is as follows for note #1:

Description	Amount	Advance Rate	Existing Liens	Collateral Value
Single Purpose Com'l R/E	\$ 259,000	70%	\$ -	\$ 181,300
Total Available	\$ 259,000			\$ 181,300
7A Debt				\$ 157,211
Net Collateral Position				\$ 24,089
Collateral Coverage				1.15

The collateral position is as follows for note #2:

Description	Amount	Advance Rate	Existing Liens	Collateral Value
Single Purpose Com'l R/E	\$ 260,000	70%	\$ -	\$ 182,000
Total Available	\$ 260,000			\$ 182,000
7A Debt				\$ 31,614
Net Collateral Position				\$ 150,386
Collateral Coverage				5.76

Note: Real Estate values are based on an appraisal done by Petroleum Marketers Service in 09/94.

Inventory and A/R values are based on borrower financial statements as of 2/2006, collateral value is as follows:

Description	Amount	Advance Rate	Existing Liens	Collateral Value
Accounts Receivable	\$ 258,811	20%		\$ 51,762
Inventory	\$ 810,792	20%	\$ -	\$ 162,158
Total Available	\$ 1,069,603			\$ 213,921
Proposed LOC Debt				\$ 225,000
Net Collateral Position				\$ (11,079)
Collateral Coverage				0.00

While Inventory & A/R provide no collateral support for the SBA loans, the SBA loans remain well secured by R/E.

An interim financial statement dated 2/28/06 (9 months) has been provided and indicates a profit of \$38,308 on sales of \$7,038M. After adding back interest expense, the net funds available were \$93,370M to cover total debt service of \$70,818. This provided a DSC of 1.32x.

The above changes are recommended based on the reasonable collateral position, sufficient cash flow provided to cover all debt payments and a history of timely loan payments.

If you have any questions, please do not hesitate to contact me. We appreciate your consideration and approval.

Sincerely,

Brian Evernham
SBA Servicing Banker
Brian@xyz.xyz

Goshen 1st National Bank

222 Goshen Road
Goshen CA 90000
(559) 010-0100
FAX (559) 010-0111

U.S. Small Business Administration
Fresno Servicing Center
801 "R" Street, Suite 101
Fresno CA 93721

Regarding: SBA 504 Loan #: 6000003000
SBC: Goshen Catering

Dear Loan Specialist,

Goshen 1st National Bank received a request from the borrower asking the SBA to subordinate to a new \$916,966 loan.

Proposed Action:

The borrower is going to build a new restaurant on the property and Goshen 1st National Bank will finance the addition.

Reason For Request:

Last April there was a fire that destroyed the old restaurant. The building which housed the catering operation was not affected. The borrowers would like to rebuild the restaurant. The bank has approved the request subject to the subordination by the SBA.

The Plan:

The borrowers will rebuild the restaurant, Goshen 1st National Bank will fund the new construction and the SBA will subordinate their lien position to the new bank loan.

Sources:

Bank Loan	\$ 916,966
Equity*	<u>\$ 431,000</u>
	\$1,347,966

Uses:

Building	\$ 933,260
Equipment	\$ 170,000
Closing Costs	\$ 15,000
Interim Financing	\$ 30,000
Architect Fees	\$ 62,250
Signage	\$ 20,000
Additional Septic Costs	\$ 20,000
Organization Costs	\$ 45,000
Sprinkler System	<u>\$ 52,456</u>
	\$1,347,966

*Insurance Proceeds from fire

Summary of Borrower:

The borrowers are Rick and Priscilla Stewart personally. They currently operate Goshen Catering. Rick and Priscilla own all the real estate personally and charge rent to the operating company.

Status of SBA Loan:

Date Funded: May 2004
Amount Funded: \$410,000
Current Balance: \$385,999
Monthly Payment: \$3,280
Loan Status: Current
Servicing History: Excellent, No late payments, insurance is current, and financial statements and tax returns are sent to us in a timely manner.

Status of existing First Lien Holder:

Lender: Goshen 1st National Bank
Amount Funded: \$564,706
Current Balance: \$538,000
Monthly Payment: \$6,000
Loan Status: Current

Summary of Obligors:

Rick and Priscilla Stewart have reported total assets of \$2,500,000 and total liabilities of \$1,400,000 as of 3/28/2006. This leaves them with a net worth of \$1,100,000.

Consent forms have been obtained from all guarantors for this action.

Collateral Analysis:

Loan is currently secured by a second mortgage on real estate located in Goshen CA, originally appraised October 7, 2002 for a total value of \$1,526,000.

An updated appraisal for the proposed restaurant was completed March 30th, 2006 for \$1,320,000. Therefore the total value is \$2,763,000.

Before request:	Appraised value:	\$1,526,000	
	75% liquidation:	1,114,500	
	Bal. Prior Lien:	538,000	
	Collateral Net Value:	576,500	
	SBA 504 2 nd position:	385,999	
	Excess Collateral:	190,501	Overall LTV = 60.5%

After request:	Appraised value:	\$2,763,000	
	75% liquidation:	2,072,250	
	Bal. Prior Lien:	1,454,966	
	Collateral Net Value:	617,284	
	SBA 504 2 nd position:	385,999	
	Excess Collateral:	231,285	Overall LTV = 66.63%

Repayment Analysis (Combined Cash Flow):

Cash flow analysis (000's)

	<u>2004</u>	<u>2005</u>	<u>Proj. 2006</u>
Net Income (loss)	(140.2)	(220.0)	(55)
Depreciation	106.8	88.0	148.0
Interest	72.3	74.2	150.0
Rent	<u>197.8</u>	<u>266.9</u>	<u>267.0</u>
Cash Available for Debt Service	236.7	209.1	510.0
Existing 1 st REM	72.0	72.0	72.0
Proposed 2 nd REM	0	0	95.0
SBA 3 rd REM	<u>39.4</u>	<u>39.4</u>	<u>39.4</u>
	111.4	111.4	206.4
Excess (deficit) Cash Flow	125.3	97.7	303.6
Coverage (Available / P&I)	2.12	1.88	2.47

RECOMMENDATION:

Given the continuing adequacy of our collateral position and the strong cash flow of the company, Goshen 1st National Bank believes that the company's request to subordinate to additional financing to rebuild the restaurant is more than reasonable. Approval of this action is in the best interest of the Small Business Concern (SBC) and poses no adverse affect on the security of the SBA loan.

Sincerely,

Roger Newman
Loan Servicing Analyst
RogerN@xyz.xyz

First Bank of Traver

111 Traver Road
Traver CA 99999
(559) 123-1234
FAX (559) 123-2345

U.S. Small Business Administration
Fresno Servicing Center
801 "R" Street, Suite 101
Fresno CA 93721

Regarding: SBA 504 Loan #: 6666664000
SBC: Traver Resort

Dear Loan Specialist,

First Bank of Traver received a request from the borrower asking the SBA to allow the assumption of the SBA loan by another party.

Proposed Action:

John and Evelyn Porter will assume the SBA loan from the Villa family.

Reason For Request:

The Villa family sold the resort to John and Evelyn Porter.

The Plan:

John and Evelyn Porter will assume the SBA debt and run the resort.

Summary of Borrower:

Traver Resort was built in the 1960's by a law firm as a retreat for their members and families. The resort is located on Traver Lake, near Sequoia National Forest. There are 16,079 acres of challenging fishing on Traver Lake and 8 adjoining lakes, as well as two rivers, including the Kings and Kaweah. The resort sits on 14.2 acres with 500 feet of white sand lakeshore frontage.

The resort property includes 4 cabins and 4 cabanas for renting. The cabins are furnished with equipment and a stocked kitchen/bath. Two cabins are for 6-person occupancy and two for 4-person occupancy. Additional occupancy is allowed with a fee. One 6-occupancy cabin has a fireplace and supplemental heating for winter use. Two cabanas have 4-person occupancy and two have 2-person occupancy. All cabanas are furnished as well. The current owners have been living in 2 cabanas. There are also 4 RV sites with hookups for water, electric, and sewer. There is also a large area suitable for camping in tents.

John Porter spent the last 15 years as a master carpenter, including a self-employed subcontractor for seven years. Evelyn Porter has been a motel manager for the past 15 years.

Status of SBA Loan:

Date Funded: November 2004
 Amount Funded: \$167,000
 Current Balance: \$159,906
 Monthly Payment: \$1,303
 Loan Status: Current
 Servicing History: Excellent, No late payments

Summary of Guarantors:

Real Estate was owned personally by Gary Villa, Wilma Villa, Marty Villa, Katrina Villa and Michael Villa. They are requesting to be released from liability on the loan.

John and Evelyn Porter report a net worth of \$1,406M. Assets total \$1,584M which consist mainly of property; a residence in California, which was sold to purchase the resort, and the project real estate.

Sale Details:

	Sources	Uses
Sale of Personal Assets	\$765,212.24	
	Real Estate	\$605,212.24
	Equipment	80,000.00
	Good Will	<u>80,000.00</u>
		\$765,212.24

Collateral Analysis:

Loan is currently secured by a first mortgage on real estate located in Traver CA, originally appraised August 19, 2004 by James H. Bedard, Inc. for \$531,000.

Appraised value:	\$531,000	
75% liquidation:	398,250	
Collateral Net Value:	398,250	
SBA 1 st position:	159,906	
Excess Collateral:	238,344	Overall LTV = 30%

Repayment Analysis:

<i>In 000's</i>	<u>07/25/03</u>	<u>2004</u>	<u>Sept. 2005</u>	<u>Projected 2006*</u>
Revenues	66.2	110.5	113.4	
Net Income	28.0	25.5	45.1	45.1
Interest	-	15.8	23.4	5.9
Cash Flow	28.0	41.3	68.5	51.0
Debt Service	22.6	38.8	29.1	15.6
DSC	1.24	1.06	2.35	3.27

*Projections are using the cash flow numbers for the first nine months of 2005 and the debt for twelve months.

The credit scores of John and Evelyn Porter are 755 and 781 respectively. Their statement of personal history forms show nothing derogatory in their background. The Porters are reasonably equal in the areas of financial strength and management experience.

RECOMMENDATION:

Given the continuing adequacy of our collateral position and the strong cash flow of the company, First Bank of Traver believes that the company's request to allow the assumption of the SBA loan is more than reasonable. Approval of this action is in the best interest of the Small Business Concern (SBC) and poses no adverse affect on the security of the SBA loan.

Sincerely,

Beth Biffle
Loan Servicing Officer