



Eligibility Information for Preferred Lender Participation (PLP) Loans

Instructions

This entire form is to be completed by the PLP lender, signed and dated prior to delegated loan submission to SBA.

If when completing the form, any of the following occurs, DO NOT submit this loan request under delegated authority:

1. ANY answer to the following statements on this form is marked "False,"
2. A statement that indicates that the loan is not eligible is checked; or
3. A statement is not chosen where required.

Note: When there have been revisions to SBA policy regarding SBA loans that may be submitted under delegated authority, there may be a short period of time between the issuance of the policy, regulation or statutory change (including revisions to SOP 50 10) and a change to the form.

If that is the case for this loan application:

1. write "see attached" next to the particular statement on this form where the policy has changed; and
2. attach an explanation for each notation that identifies the current specific SBA policy since the issuance of this edition of the form that now permits the submission of the loan under delegated authority. This must include the specific SOP citation, SBA notice, regulation change or change in the statute.

Do not complete the statement on the form itself if the statement indicates that the loan is not eligible to be submitted under delegated authority but the revised policy as identified by the attachment provided does.

Applicant Name _____

Lender Name _____

Purpose of Loan _____

Describe Type of Business _____

A. General

Applicant is an operating business organized for profit, is located in the 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. **True ___ False ___**

The products and/or services of the Applicant business are available to the general public. **True ___ False ___**

The application has not been previously submitted and declined under any SBA program. **True ___ False ___**

Loan will NOT be collateralized by commercial property that fails to meet SBA's environmental requirements or that will require use of a non-standard indemnification agreement. **True ___ False ___**

Neither the business or any of its associates or principals has been involved 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. **True ___ False ___**

Applicant does not have a non-SBA-guaranteed loan made by any lender at or about the same time for a similar purpose as this PLP loan, with a lien position on collateral senior to this PLP loan ("Preference"). **True ___ False ___**

B. Size and Affiliation

Size: The application meets one of the following criteria below (which is checked and completed): **True ___ False ___**

___ Primary industry of Applicant _____ NAICS Code of
Applicant _____ Average annual receipts of Applicant Business (excluding affiliates) over last 3 completed fiscal
years _____ No. of employees of Applicant Business _____ SBA size
standard for Applicant _____ (SBA size standards by NAICS industry are found at 13 CFR 121.201.)

___ Alternative size standard: Tangible net worth is _____ (not in excess of \$15 million) and average net income after
Federal income taxes (excluding any carry-over losses) for the preceding two completed fiscal years is _____ (not in
excess of \$5.0 million). (The alternative size standard is found at §3(a) of the Small Business Act.)

Affiliation: Check if applicant business has affiliates and complete.

___ Applicant has possible affiliates. *If checked, answer the following statements:*

- A list of possible affiliates and a written determination describing how the businesses are affiliated is attached. The written determination includes a listing of the primary industry of applicant and affiliates and the NAICS code. Also, the determination includes 1) the combined average annual receipts over last 3 completed fiscal years or number of employees for applicant and all affiliates OR 2) combined tangible net worth and combined average net income after Federal income taxes (excluding any carry-over losses) for the preceding two fiscal years for applicant and all affiliates. **True ___ False ___**

- The application meets one of the following criteria below (which is checked): **True ___ False ___**

___ The combined size calculation of applicant and its affiliates 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.

___ The combined size calculation of applicant and its affiliates meets the alternative size standard.

___ The size standard is exceeded by the applicant small business and its affiliates by no more than 25% and the applicant agrees to use the assistance within a labor surplus area.

Franchise/license/dealer/jobber agreements: Check if this applies to applicant business and complete.

___ Applicant business has a franchise/license/dealer/jobber or similar agreement. *If checked, answer the following statement:*

The Franchise Registry lists the agreement as an approved agreement. **Yes ___ No ___**

If "No" answer the following statement:

You have made the determination that the applicant business has the right to profit and risk of loss commensurate with ownership and there are no excessive restraints on the sale of the franchise/license/dealer/jobber or similar interest. **True ___ False ___**

C. Associates of the Applicant

Lender has assessed the liquid assets of the immediate family (including spouse and dependent children) of each owner of 20% or more of the equity of the Applicant (and of the Operating Company, if the Applicant is an Eligible Passive Company) and determined that they do not exceed:

- for a financing package of \$250,000 or less, two times the total financing package or \$100,000, whichever is greater;
- for a financing package between \$250,001 and \$500,000, one and one-half times the total financing package or \$500,000, whichever is greater;
- for a financing package of more than \$500,000, one times the total financing package or \$750,000, whichever is greater. **True ___ False ___**

All owners of 20 percent or more of the Applicant (including a spouse owning 5 percent or more when the combined ownership of both spouses is 20 percent or more) will guarantee the loan (except for ESOPs or eligible 401(k) Trusts). **True ___ False ___**

All Associates of the business are either U.S. citizens or non-U.S. citizens whose status is being verified with USCIS or SBA. For non-U.S. citizens, the lender has obtained a copy of the individual's USCIS documentation and submitted a USCIS Form G-845,

“Document Verification Request” with supporting information to USCIS or SBA. In addition, the lender will not close and disburse the loan prior to receiving confirmation from USCIS or SBA that the alien status of all Associates meets SBA’s policies.

True ___ False ___

If answered “True,” the application meets one of the following criteria below (which is checked):

True ___ False ___

___ The business is at least 51 percent owned by individuals who are U.S. citizens and/or who have Lawful Permanent Resident (LPR) status, which lender will verify with the USCIS or SBA prior to first disbursement, and control the management and daily operations of the business.

___ The business is at least 51 percent owned by aliens with an alien status other than LPR, which lender will verify with the USCIS or SBA prior to first disbursement, the lender has determined that continual and consistent management of the business has been provided by a U.S. citizen or by an LPR (which lender will verify with the USCIS or SBA prior to first disbursement) for at least one year and will continue indefinitely AND U.S. collateral is pledged sufficient to pay the loan in full at any time. (Businesses less than one year old do not meet these requirements.)

CHECK any of the following statements that apply and answer the statements.

___ Lender has made a personal loan to an associate of the small business. *If checked, answer the following statement.*
The loan proceeds were NOT used to provide an equity injection into the business.

True ___ False ___

___ Applicant small business or any of its affiliates(s) has/have existing SBA loan(s). *If checked, answer the following statement.*
The existing SBA loan(s) is/are current.

True ___ False ___

___ The application requires a completed SBA Form 912. *If checked, answer the following statement.*
Question 7 on SBA Form 912, Statement of Personal History, for this application is answered “No.”

True ___ False ___

___ Question 8 or 9 on any required SBA Form 912, Statement of Personal History, for this application is answered “Yes.”
If checked, answer the following:

The application meets one of the following criteria below (which is checked):

True ___ False ___

___ Lender has received written clearance of the character issue(s) from the SBA office serving the territory where the business applicant is located.

___ The charge resulting in a “yes” answer was a single misdemeanor that was subsequently dropped without prosecution and Lender has documentation from the appropriate court or prosecutor’s office showing that the charge was dropped.

D. Terms of the Loan

Interest Rate: The interest rate of the loan does not exceed the maximum amount allowable by SBA.

True ___ False ___

Loan Maturity: The application meets one of the following criteria below (which is checked):

True ___ False ___

___ The maturity of the loan does not exceed the maximum allowable by SBA for the use of proceeds and is the shortest appropriate term commensurate with repayment ability of the Applicant (for all 7(a) loans except EWCP).

___ The loan is an Export Working Capital Program (EWCP) loan. The maturity of the loan for a single transaction loan does not exceed 18 months (no more than 6 months of which is post shipment) OR for a revolving line of credit does not exceed 3 years.

SBA Guaranty:

The application meets one of the following criteria below (which is checked):

True ___ False ___

___ SBA guaranty percentage for this loan does not exceed 85% for loans of \$150,000 or less and does not exceed 75% for loans greater than \$150,000.

___ This is an EWCP or International Trade (IT) loan. The SBA Guaranty for this loan does not exceed 90 percent.

The application meets one of the following criteria below (which is checked):

True ___ False ___

The aggregate guaranty amount of the SBA portions for this application and all outstanding 7(a) and 504 loans to Applicant and its affiliates does not exceed \$3.75 million.

This is a working capital loan request to a borrower that has an IT loan. The guaranty amount of this working capital loan does not exceed \$4.0 million. To the extent that the applicant has a separate EWCP loan or any other 7(a) loan for working capital, the maximum SBA guaranty amount for those loans is counted against the \$4.0 million limit for working capital for the IT loan. The total maximum SBA guaranty amount for an IT loan and all outstanding 7(a) and 504 loans to Applicant and its affiliates is \$4,500,000.

Amount of Loan: The application meets one of the following criteria below (which is checked):

True ___ False ___

The loan request is for a Standard 7(a) loan and does not exceed \$5,000,000.

E. Type of Business

CHECK any that apply.

Applicant is or does one of the following: *If checked, loan is not eligible.*

- primarily engaged in the business of lending
- a passive business owned by developers or landlords that do not actively use or occupy the assets acquired or improved with the loan proceeds and that is not an Eligible Passive Company discussed below
- bail bond company
- life insurance company
- located in a foreign country or owned by undocumented (illegal) aliens
- pyramid sale distribution plan
- any illegal activity
- principally engaged in teaching, instructing, counseling or indoctrinating religion or religious beliefs, whether in a religious or secular setting.
- consumer or marketing cooperative
- earns 1/3 or more of its gross annual revenue from packaging SBA loans
- derives directly or indirectly more than 5% of its gross revenue through the sale of products or services, or the presentation of any depiction or displays, of a prurient sexual nature or that presents any live performances of a prurient nature
- primarily engaged in political or lobbying activities
- a speculative business (such as oil wildcatting, mining and research & development)

Applicant is a business that is primarily engaged in subdividing real property into lots and developing it for resale on its own account or in owning or purchasing real estate and leasing it for any purpose. *If checked, loan is not eligible.*

Applicant is a pawn shop. *If checked, answer the following statement.*

More than 50% of Applicant's income for the previous year was from the sale of merchandise rather than from interest on loans.

True ___ False ___

Applicant is a mortgage service company. *If checked, answer the following statement.*

Any mortgage loans funded are sold within 14 days of loan closing.

True ___ False ___

Applicant is a hotel, motel, recreational vehicle park, campground, marina or similar type of business. *If checked, answer the following statement.*

Applicant derives 50 percent or more of its gross annual income from transients who stay for periods of time not exceeding 30 days.

True ___ False ___

Any of gross annual revenue of Applicant business is derived from gambling. *If checked, answer the following statement.*

The revenue is from legal gambling activities and comprises 1/3 or less of gross annual revenue of Applicant business and the business is not a racetrack, casino or otherwise have gambling as its reason for being.

True ___ False ___

___ Applicant is a private club or business. *If checked, answer the following statement.*
Business does not limit the number of memberships for reasons other than capacity. **True ___ False ___**

___ Applicant is a government-owned entity. *If checked, answer the following statement.*
Applicant is business owned or controlled by a Native American tribe, but is a separate legal entity from the tribe. **True ___ False ___**

___ Applicant is an Eligible Passive Company (EPC). *If checked, fill in the blanks and answer the following statements. Attach additional sheet with Names and Legal Forms if more than one OC. References below to OC mean each OC.*

Name of Operating Company (OC): _____

Legal Form of Entity of OC: _____

- The EPC will use the loan proceeds to acquire or lease, and /or improve or renovate real or personal property (including eligible refinancing) that it leases 100% to one or more OCs. **True ___ False ___**
- The OC is an eligible small business and the proposed use of proceeds would be an eligible use if the OC were obtaining the financing directly. **True ___ False ___**
- The EPC (with the exception of a trust) and the OC each are small under SBA's size standards. **True ___ False ___**
- The EPC is eligible as to type of business, other than being passive. **True ___ False ___**
- The lease between the Eligible Passive Company and the Operating Company will be in writing, will have a remaining term at least equal to the term of the loan (including options to renew exercisable solely by the Operating Company), will be subordinated to SBA's lien on the property and the rents will be assigned as collateral for the loan. **True ___ False ___**
- The OC will be a guarantor or co-borrower. If loan proceeds include working capital or assets to be owned by the OC, it will be a co-borrower. **True ___ False ___**
- Each 20% or more owner of the EPC and each 20% or more owner of the OC will guarantee the loan. **True ___ False ___**
- The aggregate amount of the SBA portions for this application and for all outstanding loans to the EPC, the OC, and their affiliates does not exceed \$3.75 million. **True ___ False ___**
- Neither the EPC nor the OC is a trust; or, if a trust, SBA requirements regarding trusts are met. **True ___ False ___**

F. Use of Proceeds

CHECK any that apply. If checked, loan is not eligible.

___ To provide or refinance funds used for payments, distributions, or loans to Associates of the Applicant.

___ For a purpose that will not benefit the small business.

___ To provide funds for floor plan financing.

CHECK any that apply. If checked, answer the following statement.

___ Loan proceeds used for debt refinancing (general):

- SBA loan proceeds will not be used to refinance debt originally used to finance a loan purpose that would have been ineligible for SBA financing at the time it was originally made. **True ___ False ___**
- Refinancing will provide a substantial benefit to Applicant of at least 10% needed improvement to cash flow. If more than one debt is refinanced, the new debt will have at least a 10% cash flow improvement over the combined cash flow of the debt being refinanced. (This does not apply if the refinanced debt is a demand note, involves a balloon payment, credit card obligation used for business related purposes, or revolving line of credit [short term or long term] .) **True ___ False ___**
- Existing debt is one of the types of debt that may be refinanced with an SBA loan. **True ___ False ___**
- Debt to be refinanced is NOT same institution debt (SID) between the Applicant and the requesting SBA lender unless it meets the following requirements:
The SID to be refinanced is:
(1) an interim loan approved by the lender to the small business within 90 days prior to the issuance of an SBA loan number

AND is for non-real estate construction purposes; OR
(2) is a construction loan that has not been disbursed. **True ___ False ___**

- Debt to be refinanced is either 1) a non-SBA-guaranteed loan or 2) an SBA-guaranteed loan with another lender and meets the requirements for refinancing an SBA-guaranteed debt through delegated processing set forth in SOP 50 10 5, Subpart B, Chapter 2. **True ___ False ___**
- Proceeds will not pay a creditor in a position to sustain a loss causing a shift to SBA of all or part of a potential loss from an existing debt. **True ___ False ___**
- Loan will not refund debt to an SBIC. **True ___ False ___**
- Loan will not repay third party financing for any existing 504 project. **True ___ False ___**
- Loan will not repay delinquent IRS withholding taxes, sales taxes or similar funds held in trust. **True ___ False ___**

___ Loan proceeds will be used to refinance seller take-back financing.

- The seller take-back financing is not less than 24 months following a change of ownership and the seller take-back financing is and has been current for the past 24 months. **True ___ False ___**
- A new business valuation has been obtained OR the existing business valuation meets the requirements of SOP 50 10 5, Subpart B, Chapter 4. **True ___ False ___**

___ Loan proceeds will be used to fund or refinance a change of ownership.

- The change will promote the sound development or preserve the existence of the Applicant business. **True ___ False ___**
- Change is 100% of ownership or a business repurchasing 100% of one or more of its owners' interests. **True ___ False ___**
- The loan proceeds will not pay off an SBA-guaranteed loan of the seller with the **same** lender. **True ___ False ___**

Business Valuations: The application meets one of the following criteria below (which is checked): **True ___ False ___**

___ The amount being financed (including any 7(a), 504, seller, or other financing) minus the appraised value of real estate and/or equipment being financed is \$250,000 or less. The valuation of the business is supported by at least a lender's valuation. If the valuation analysis is performed by the lender's loan officer, a synopsis is attached.

___ The amount being financed (including any 7(a), 504, seller or other financing) minus the appraised value of real estate and/or equipment is more than \$250,000 OR there is a close relationship between the buyer and the seller. The lender has obtained an independent business valuation from a qualified source.

Financing intangible assets: The application meets one of the following criteria below (which is checked): **True ___ False ___**

___ The purchase price of the business does not include intangible assets (including, but not limited to, goodwill, client/customer lists, patents, copyrights, trademarks and agreements not to compete) in excess of \$500,000.

___ The purchase price of the business includes intangible assets (including, but not limited to, goodwill, client/customer lists, patents, copyrights, trademarks and agreements not to compete), in excess of \$500,000 and the borrower and/or seller are contributing at least 25% equity.

___ Loan proceeds used for construction of (or the refinancing of the construction for) a new building.

- The building 1) has no rental space or 2) will contain rental space, Applicant (or Operating Companies) will continue to occupy at least 60% of the rentable property for the term of the loan; lease long term no more than 20% of the rentable property to one or more tenants; plans to occupy within three years some of the remaining rentable property not immediately occupied or leased long term; and plans to occupy within ten years all of the rentable property not leased long term. **True ___ False ___**
- Community improvements do not exceed 5 percent of the loan amount. **True ___ False ___**
- The loan is 1) not refinancing a construction loan or 2) is refinancing a construction loan with another lender. **True ___ False ___**

___ Loan proceeds used to acquire land or existing building or for renovation or reconstruction of an existing building.

- Applicant (or Operating Companies) will occupy at least 51% of the rentable property. **True ___ False ___**
- Loan proceeds will not be used to remodel or convert any rental space in the property. **True ___ False ___**

___ Loan proceeds used to provide funds for or refinance leasehold improvements.

Loan proceeds will be used to improve space occupied 100% by Applicant.

True ___ False ___

___ Loan proceeds used to provide funds to guarantee or fund a letter of credit
Loan is an EWCP loan.

True ___ False ___

G. Special Program Requirements

___ Loan is one of the following special purpose loans (*If checked, loan is not eligible for PLP*):

- Disabled Assistance Loan Program (DAL) (not currently receiving appropriations)
- Pollution Control Program (not currently receiving appropriations)
- Qualified Employee Trusts (ESOP) (Loans made to an ESOP under 13 CFR 120.350 through 120.354)

___ Loan is under International Trade Program (IT). *If checked, answer the following statements.*

- The loan proceeds will be used solely for the purpose of 1) financing the acquisition, construction, renovation, modernization, improvement, or expansion of productive facilities or equipment to be used in the United States in the production of goods and services involved in international trade; 2) the refinancing of existing indebtedness that is not structured with reasonable terms and conditions, including any debt that qualifies for refinancing under Section E above; or 3) working capital [of up to \$4,000,000 guaranteed amount].

True ___ False ___

- The small business concern is either 1) in a position to expand existing export markets or develop new export markets or 2) is confronting increased competition with foreign firms in the relevant market and is injured by such competition.

True ___ False ___

- Lender will 1) take a first lien on the fixed assets financed (or re-financed) with this loan or on other assets of the small business concern; or 2) take a second lien on the fixed assets financed (or re-financed) with this loan or on other assets of the small business concern and Lender has determined that the second lien provides adequate assurance of the payment of the loan.

True ___ False ___

- Collateral is located in the United States, its territories and possessions

True ___ False ___

- Lender has reviewed the Ex-Im Bank Country Limitation Schedule (CLS) to verify that the U.S. Government has not restricted trade with any foreign country that the applicant does business with (i.e., no country is identified on the CLS by Note #7).

True ___ False ___

___ Loan is a revolving line of credit *If checked, answer the following statements.*

Loan is an Export Working Capital Program (EWCP) loan and the requesting lender has written authorization from SBA to make PLP EWCP loans.

True ___ False ___

___ Loan is an EWCP loans. *If checked, answer the following statement.*

Applicant has been in business for at least 12 months.

True ___ False ___

H. Conflict of Interest (13 CFR Part 105)

SBA will not provide financial assistance under delegated processing authority to an applicant when granting such financial assistance could result in the appearance of a conflict of interest between the Federal Government and the Applicant. If any of the answers to the following statements cannot be answered "True," then the application may not be submitted under delegated processing.

- No SBA employee, or the household member* of an SBA employee, is a sole proprietor, partner, officer, director, or stockholder with a 10 percent or more interest, of the Applicant. [13 CFR 105.204] True ___
- No former SBA employee, who has been separated from the SBA for less than one year prior to the request for financial assistance, is an employee, owner, partner, attorney, agent, owners of stock, officer, director, creditor or debtor of the Applicant. [13 CFR 105.203] True ___
- No Member of Congress, or an appointed official or employee of the legislative or judicial branch of the Federal Government, is a sole proprietor, general partner, officer, director, or stockholder with a 10 percent or more interest, or household member of such individual, of the Applicant. [13 CFR 105.301(c)] True ___
- No Government employee having a grade of at least GS-13 or higher is a sole proprietor, general partner, officer, director, or stockholder with a 10 percent or more interest, or household member of such individual, of the Applicant. [13 CFR 105.301(a)] True ___

- No member or employee of a Small Business Advisory Council or a SCORE volunteer is a sole proprietor, general partner, officer, director, or stockholder with a 10 percent or more interest, or a household member of such individual, of the Applicant. [13 CFR 105.302(a)] **True** _____

(*A "household member" of an SBA employee includes: a) the spouse of the SBA employee; b) the minor children of said individual; and c) the blood relatives of the employee, and the blood relatives of the employee's spouse, who reside in the same place of abode as the employee. [13 CFR § 105.201(d)])

I. Ethical Requirements of Lenders (13 CFR 120.140)

Please answer the following questions. If any of the statements cannot be answered as "True," then the loan request is not eligible.

- No Lender or Associate** of Lender 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** _____
- No Lender or Associate or close relative of an associate of the lender has a significant 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** _____
- No Associate of a Lender 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 Lender's business integrity. **True** _____
- No Lender or any Associate of Lender has accepted funding from a source that restricts, prioritizes, or conditions the types of small businesses that Lender 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** _____
- None of the Loan proceeds will directly or indirectly finance purchase of real estate, personal property or services from Lender or an Associate of Lender. **True** _____
- Neither the Applicant, an Associate of Applicant, close relative nor household member of an Associate of Applicant is required to invest in Lender. **True** _____
- None of the proceeds of the loan will be used to acquire space in project for which lender has issued a real estate forward commitment. **True** _____

(**Associate of a Lender is an officer, director, key employee, or holder of 20 percent or more of the value of the Lender's stock or debt instruments. An Associate of a small business is an officer, director, owner of more than 20 percent of the equity, or key employee.)

Lender's Certification:

<p>I certify that I have accurately and correctly completed the Eligibility Checklist on behalf of the Lender, that the above information is true and correct, to the best of my knowledge, and that I have exercised due diligence to obtain the true and correct information. I am aware and acknowledge that SBA will not review eligibility prior to issuing an SBA loan number and that if an SBA loan number is assigned and SBA later learns that the loan is not eligible, SBA may deny liability on its guarantee.</p>	
<p>Lender Signature: _____</p>	<p>Date: _____</p>
<p>Name and Title: _____</p>	

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 10 minutes per response. Comments or questions on the burden estimates should be sent to the SBA Desk Officer, Office of Management and Budget, New Executive Bldg., Room 10202, Washington, DC 20503 and or to U.S. Small Business Administration, Chief, AIB, 409 3rd St., SW, Washington DC 20416. **PLEASE DO NOT SEND FORMS TO THIS ADDRESS.**