LENDER ADVANTAGE INITIATIVE

OMB Control No. 3245-0361
Expiration Date: 1/31/2014

ELIGIBILITY QUESTIONNAIRE

Applicant Name_____
Lender Name _____

This questionnaire is designed to identify those small business applicants that meet SBA's general eligibility criteria.

The Lender is required to complete this form after the Applicant and Lender have reviewed the statements below and made a determination, based on the information received from the Applicant as to the accuracy of the response.

In some cases, the only choice is "True" because otherwise the loan request would be ineligible. If you cannot answer "True" in those cases, do not submit the loan request. In other cases, a choice between "True" and "False" has been provided. In those cases where "False" is chosen, the Lender will be required to provide additional information to SBA as part of the application in order for SBA to determine whether the Applicant is eligible.

After completing the form, the Lender is required to sign the form certifying to the correctness of the information that has been provided.

SOP 50 10 5 (which includes SBA's policy on eligibility issues) as well as any applicable notices are available at www.sba.gov/aboutsba/sbaprograms/elending. If the Lender has specific questions on an eligibility issue, once the Lender has reviewed the entire form, contact your local district office or the Standard 7(a) Loan Guaranty Processing Center at 1-877-475-2435 or at 7aquestions@sba.gov for guidance.

(Final eligibility determinations for these loans are made by SBA, not the lender. SBA reserves the right to review the lender's documents relating to these statements at any time.)

The Small Business Applicant

	True	False
• The business does not (or will not) discriminate with respect to goods, services, or accommodations offered based on race, color, religion, sex, marital status, handicap or national origin of a person or fail or refuse to accept a person on a nonsegregated basis as a customer.	True___	
• Neither the small business nor any owner of the small business has an affiliate.*	True___	False___
• Applicant has fewer than 100 employees, and revenues averaged over the previous 3 years do not exceed $7 million per year.	True___	False___
• Applicant has not previously applied for any guaranteed financial assistance from SBA.	True___	False___
• Applicant has never received any financial assistance from the Federal Government (either direct or guaranteed) that has resulted or will result in a loss to the Federal Government.	True___	False___
• Applicant is not presently seeking (or the applicant has not obtained within the last 90 days) additional financing, through the same or different lender, secured with any of the business collateral including real estate occupied or to be occupied by the business.	True___	False___
• Applicant small business is the proposed borrower.	True___	False___
• Applicant is not a franchisee or, if the Applicant is a franchisee, the franchise is on SBA's franchise registry. (Registry is located at **www.franchiseregistry.com**)	True___	False___
• Applicant is not an Eligible Passive Company. (Eligible Passive Company is an entity (or trust) which does not engage in regular and continuous business activity and which leases real or personal property to an Operating Company for use in the Operating Company's business.)	True___	False___

* Definition of Affiliate of a small business: Affiliation exists when one individual or entity controls or has the power to control another or a third party or parties controls or has the power to control both. SBA considers factors such as ownership, management, previous relationships with or ties to another entity, and contractual relationships when determining whether affiliation exists. The complete definition of affiliation is found at 13 CFR 121.103. (See also, 13 CFR 121.107 and 121.301.) An "Affiliate" includes, for example: (1) a parent company; (2) subsidiaries and other companies that are owned or controlled by the Applicant; (3) companies in which an officer, director, general partner, managing member or party owning 20% or more is also an officer, director, general partner, managing member or 20% or greater owner of the Applicant; (4) companies or individuals with unexercised options to own 50% or more of the Applicant's stock; and (5) companies that have entered into agreements to merge with the Applicant.

Owners and Guarantors of the Small Business Applicant

	True	False
• All principals of the Applicant (or of any concern with an ownership interest in the Applicant) are U.S. citizens.	True___	False___
• All owners of 20 percent or more of the Applicant (including a spouse owning 5% or more when the combined ownership of both spouses is 20% or more) will guaranty the loan.	True___	False___

- All proprietors (if a proprietorship); general partners and limited partners owning 20% or more of the business (if a partnership); officers, directors, and holders of 20 percent or more of the stock (if a corporation); officers, directors, owners of 20% or more of the company and managing members (if a limited liability company); and any person hired to

manage day-to-day operations of the business answered "no" to all questions in section D5.IV on Form 2301, Part A. True___False___

- No Associate of the Applicant has received any financial assistance from the Federal Government that has resulted or may result in a loss to the Federal Government. True___False___
- No Associate of the Applicant has been a principal of another business that previously applied for SBA financial assistance. True___False___

Personal Resources Test for each owner of 20 percent or more (as defined in SOP 50 10 5, subpart B, chapter 2)

SBA may not provide financial assistance to an applicant able to obtain reasonable, non-federal financing, and the amount of any SBA-guaranteed loan must be reduced by the amount of any excess liquid assets of each owner of 20 percent or more of the applicant.

Personal Resource Test: Liquid Assets of the owner minus the Exemption amount equals Excess Liquid Assets.

"Liquid Assets" are cash and cash equivalents, including savings accounts, CDs, marketable securities, the cash value of life insurance and similar assets. Qualified retirement accounts such as IRAs, Keogh, 529s or 401k plans, as well as Health Savings Accounts, Educational Savings and other similar assets are **NOT** liquid assets.

"Excess Liquid Assets"—The amount by which each owner's liquid assets (including the assets of spouses and children) exceed the amount indicated below. The SBA loan must be reduced accordingly and the excess must be injected into the project prior to any disbursement.

Exemption Formula: If the total financing package (SBA loans, owner's injection and any other financing) is:

- $250,000 or less, the exemption is the greater of 2X total financing package or $100,000.
- $250,001 to $500,000, the exemption is the greater of 1.5X total financing package or $500,000.
- Over $500,000, the exemption is 1 x total financing package up to $750,000.

Each owner of 20 percent or more of the applicant meets the personal resource test. True___False___

Use of Proceeds

Requested loan will not:

- be used to refinance any existing (same or other) lender debt. True___False___
- finance the sale or purchase of a business. True___False___
- finance any real estate that will include rental space. True___False___
- be used to build in a coastal barrier resource system. True___False___
- be used to affect a property included or eligible to be included in the National Register of Historic Places. True___False___

Requested loan will not be used for any of the following: True___

- to repay delinquent IRS withholding taxes, sales taxes or similar taxes
- to provide or refinance funds used for payments, distributions, or loans to Associates** of the Applicant
- to provide funds for the relocation of the business resulting in serious unemployment in its present location or result in the nullification of a union contract.
- to provide funds that result in community improvements, such as curbs and sidewalks, in excess of 5 percent of loan amount.

Community Advantage loans only

- Community Advantage lender is an SBA Microlender Yes___No____

  If "Yes," answer the following statement:

  No SBA intermediary loan funds will be used to fund this Community Advantage loan. True____False___

- The Community Advantage loan will not refinance a loan made by or guaranteed by the Department of Agriculture.True___False___

- Identify at least one category for the small business applicant:
  - ____ Located in a Low-to-Moderate Income (LMI) Community
  - ____ Located in an Empowerment Zone or Enterprise Community
  - ____ Located in a HUBZone
  - ____ Ownership of the business meets one of the Patriot Express categories including Veteran-owned
  - ____ More than 50 percent of the business's workforce is low-income or resides in an LMI census tract
  - ____ Business is two years old or less
  - ____ None of the above

Type of Business

Applicant is none of the types of businesses listed below. True____

- a non-profit business.
- primarily engaged in 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 that is not an Eligible Passive Company.
- a life insurance company (life insurance agents, however, may be eligible).
- located in a foreign country or owned by undocumented (illegal) aliens.
- a pyramid sale distribution plan.
- deriving more than one-third of gross annual revenue from legal gambling activities.
- engaged in any illegal activity.
- requires membership and limits the number of memberships for reasons other than capacity .
- a government-owned entity (a business owned or controlled by a Native American tribe is eligible if the business is a legal entity separate from the tribe).
- principally engaged in teaching, instructing, counseling, or indoctrinating religion or religious beliefs, whether in a religious or secular setting.
- a consumer or marketing cooperative.
- a loan packager earning more than 1/3 of its gross annual revenue from packaging SBA loans.
- a business which presents live performances of a prurient sexual nature or derives directly or indirectly more than 5% of its gross revenue from the sale of products or services, or the presentation of any depictions or displays, of a prurient sexual nature.
- a business that is primarily engaged in political or lobbying activities.
- a speculative business (ex. research and development).
- a motel, recreational vehicle park, campground, marina or similar type of business unless the applicant derives 50% or more of its gross annual income from transients who stay for 30 days or less at a time.
- 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.

Applicant is not:

- an agricultural enterprise. True___False___
- a medical facility or residential care facility. True___False___
- a mining operation. True___False___

Conflict of Interest

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

- No SBA employee, or the household member (see definition at * below) 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 SBA for less than one year prior to the request for financial assistance, is an employee, owner, partner, attorney, agent, owner 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 a 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)]

Ethical Requirements of the Lender

- 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. SBA reserves the right to deny liability on its

guaranty in the event that the borrower defaults, if the lender, its Associates, partner or a close relative acquires such an interest at any time during the term of the loan. 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 or 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:

I certify that I have accurately and correctly completed this Questionnaire 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 true and correct information.

Lender Signature: _____ Date_____

Name and Title: _____

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 1 hour 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.**