



**ELIGIBILITY INFORMATION REQUIRED  
FOR 504 SUBMISSION (NON PCLP)**

OMB APPROVAL NO.: 3245-0071  
EXPIRATION DATE: 09/30/2016

[The CDC completes this form to help SBA carryout its lender, portfolio and program oversight as part of the application package for Section 504 Loan and sends to: Sacramento Loan Processing Center, Small Business Administration, 6501 Sylvan Road, Suite 111, Citrus Heights, CA. 95610-5017.]

**I. General Information - Fill out all blanks and answer all questions. If a question is answered "No," the loan is not eligible.**

Applicant Name \_\_\_\_\_  
CDC Name \_\_\_\_\_

Applicant is an operating business organized for profit, is located in 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. YES\_\_\_ NO \_\_\_

The products and/or services of the applicant business are available to the general public. YES\_\_\_ NO \_\_\_

**II. Size and Affiliation -- Check Any Item(s) That Are Applicable and if checked answer the questions.**

\_\_\_ Applicant has possible affiliates. *If item is checked, provide the following information in Exhibit 1 of Form 1244:*

List possible affiliates, discuss possible bases of affiliation and determine if affiliation exists. If affiliation exists, provide a schedule showing combined size calculation YES \_\_\_ NO \_\_\_

\_\_\_ Applicant business meets the size standards.

The combined size calculation of applicant and its affiliates (if any) 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. YES\_\_\_ NO \_\_\_

i. If using the 504 size standard:

- Tangible net worth of Applicant (excluding its Affiliates) \_\_\_\_\_
- Average net income after Federal income taxes (excluding any Carry over losses) for the Applicant (excluding its Affiliates) for the preceding two completed fiscal years \_\_\_\_\_

ii. If using the alternative 7(a) size standard:

- 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 \_\_\_\_\_

\_\_\_ The size standard is exceeded by no more than 25%.

Applicant agrees to use the assistance within a labor surplus area. YES\_\_\_ NO \_\_\_

YES\_\_\_ NO \_\_\_

**III. Business Revenue**

Applicant does not earn 1/3 or more of its gross annual revenue from packaging SBA loans. YES\_\_\_ NO \_\_\_

**IV. Project Financing – Answer All Questions. If a question is answered “No,” the loan is not eligible.**

The Interim Loan does not cover the Borrower's contribution. The source of interim financing is not from any SBA program, directly or indirectly; the terms and conditions of the financing are acceptable; the source is not

the Applicant or an Associate of the Applicant; and the source has the experience and qualifications to monitor properly all Project construction and progress payments. YES\_\_\_ NO \_\_\_

The Borrower Contribution is cash or property that is part of the Project Property and is not derived from an SBA business loan program. If the contribution is borrowed, the interest rate is reasonable and any lien on the Project assets is subordinate to the liens securing the 504 loan, and the loan will not be repaid at a faster rate than the 504 loan. YES\_\_\_ NO \_\_\_

The Third Party Loan is at least as much as the 504 Loan (net proceeds). The Third Party Loan(s) has a term of at least 7 years for a 10 year debenture and at least 10 years for a 20 year debenture. The interest rate is reasonable. Any financing provided by the seller of Project Property is subordinate to the 504 loan and may not be prepaid without SBA consent. YES\_\_\_ NO \_\_\_

No more than 50% of eligible Project costs are from Federal sources. YES\_\_\_ NO \_\_\_

**V. Use of Project Proceeds – Check Any Item(s) That Are Applicable.**

\_\_\_ To relocate any operations of a small business which will cause a net reduction of one-third or more in the workforce of the relocating small business or a substantial increase in unemployment in any area of the country. *If item is checked, answer the following questions. If "No," loan is **not eligible**.*

The relocation is for key economic reasons and crucial to the continued existence, economic wellbeing, and/or competitiveness of the applicant; and the economic development benefits to the applicant and the receiving community outweigh the negative impact on the community from which the applicant is moving. YES\_\_\_ NO \_\_\_

\_\_\_ To provide or refinance funds used for payments, distributions, or loans to Associates of the Applicant. *If item is checked, loan is **not eligible**.*

\_\_\_ To acquire, construct, or modify buildings and improvements, and/or to purchase and install machinery and equipment located on land leased to the Applicant by the CDC or an unrelated lessor. *If item is checked, answer the following questions. If "No," loan is **not eligible**.*

The remaining term of the lease, including options to renew, exercisable solely by the lessee, will equal or exceed the term of the Debenture, or, in the case of machinery or equipment, equals or exceeds the useful life of the property or the term of the Debenture, whichever is less. YES\_\_\_ NO \_\_\_

The Applicant will assign its interest in the lease to the CDC with right of reassignment to SBA. YES\_\_\_ NO \_\_\_

If CDC is leasing property to the Applicant, the rent paid during the Debenture term will pay principal and interest on all debt incurred by the CDC to finance the Project, and all related expenses. YES\_\_\_ NO \_\_\_

\_\_\_ Debt refinance as part of an expansion is included in Project costs: *If checked, answer the following questions. If "No," loan is **not eligible**.*

Total debt refinanced is no more than 50% of new expansion costs; Either: YES\_\_\_ NO \_\_\_

1. Substantially all (85% or more) of the proceeds of the existing debt was used to acquire land, including a building situated thereon, to construct a building thereon or purchase equipment and the remaining amount (15% or less) was incurred for the benefit of the small business seeking the refinancing; or YES\_\_\_ NO \_\_\_

2. If the land, building or equipment was originally financed through a commercial loan (hereafter the "original loan") that was subsequently refinanced one or more times:

- i. Substantially all (85% or more) of the proceeds of the original loan was used to acquire land, including a building situated thereon, to construct a building thereon or purchase equipment and the remaining amount (15% or less) was incurred for the benefit of the small business seeking the refinancing; and YES\_\_\_ NO \_\_\_
- ii. The existing debt is the most recent refinancing of the original loan; YES\_\_\_ NO \_\_\_
- iii. The existing indebtedness is collateralized by fixed assets; YES\_\_\_ NO \_\_\_
- iv. The existing indebtedness was incurred for the benefit of the small business concern; YES\_\_\_ NO \_\_\_
- v. Project proceeds will be used only for refinancing existing indebtedness or costs relating to the project financed; YES\_\_\_ NO \_\_\_
- vi. The financing will provide a substantial benefit to the borrower when prepayment penalties, financing fees, and other financing costs are accounted for; YES\_\_\_ NO \_\_\_
- vii. The borrower has been current on all payments due on the existing debt for not less than 1 year preceding the date of refinancing; YES\_\_\_ NO \_\_\_
- viii. The financing under section 504 will provide better terms or rate of interest than the existing indebtedness at the time of refinancing; YES\_\_\_ NO \_\_\_
- ix. No debt refinanced is due to an Associate of applicant; YES\_\_\_ NO \_\_\_
- x. No debt refinanced is due to a Small Business Investment Company; YES\_\_\_ NO \_\_\_
- xi. No creditor whose debt is refinanced is in a position to sustain a loss causing a shift of any part of a potential loss to SBA. YES\_\_\_ NO \_\_\_

\_\_\_ Debt refinance without expansion is included in Project costs: *If checked, answer the following questions. If "No," loan is not eligible.*

- i. The Refinancing Project does not involve the expansion of a small business; YES\_\_\_NO\_\_\_
- ii. The applicant has been in operation for all of the 2 year period ending on the date of application; YES\_\_\_NO\_\_\_
- iii. The Qualified Debt to be refinanced is a commercial loan:
  - a) 100% of which was for the benefit of the applicant; YES\_\_\_NO\_\_\_
  - b) That was incurred not less than two years before the date of the application; YES\_\_\_NO\_\_\_
  - c) That is not subject to a guaranty by a Federal agency or department; YES\_\_\_NO\_\_\_
  - d) Is secured by 504 Eligible Fixed Assets; YES\_\_\_NO\_\_\_
  - e) That is not a Third Party Loan on an existing 504 project; YES\_\_\_NO\_\_\_
  - f) For which the applicant has been current on all payments due for not less than one year prior to the date of application (which means that no payment was more than 30 days past due from either the original payment terms or modified payment terms if such modification (including deferments) was agreed to in writing no less than one year prior to the date of application); YES\_\_\_NO\_\_\_

- g) Either:
- (1) substantially all (85% or more) of the proceeds of the existing debt was used to acquire an Eligible Fixed Asset(s) and the remaining amount (15% or less) was incurred for the benefit of the small business seeking the refinancing; or
  - (2) if the Eligible Fixed Asset(s) was originally financed through a commercial loan (hereafter the "original loan") that was subsequently refinanced one or more times:
    - (A) substantially all (85% or more) of the proceeds of the original loan was used to acquire an Eligible Fixed Asset(s) and the remaining amount (15% or less) was incurred for the benefit of the small business seeking the refinancing; and
    - (B) the existing debt is the most recent refinancing of the original loan; YES\_\_\_NO\_\_\_
- h) This question applies only if the original loan was for the construction of a new building, or the acquisition, renovation, or reconstruction of an existing building, and such loan would not have satisfied the leasing policies set forth in 13 CFR 120.131 and 13 CFR 120.870(b): Borrower is able to demonstrate compliance with 13 CFR 120.131(b) for existing buildings as of the date of application for assistance; YES\_\_\_NO\_\_\_ N/A\_\_\_
- iv. The portion of the Refinancing Project provided by the 504 loan and the Third Party Loan is not more than 90% of the current fair market value of the fixed assets that will serve as collateral; YES\_\_\_NO\_\_\_
- v. If there is a deficiency remaining on the loan to be refinanced, has it been addressed by one or more of the three methods below (check all that apply): YES\_\_\_NO\_\_\_
- \_\_\_\_ (a) Forgiveness of all or part of the deficiency
- \_\_\_\_ (b) Acceptance of payment by the borrower
- \_\_\_\_ (c) Requiring the borrower to execute a note for the balance or any portion of the balance. This note must be subordinate to the 504 loan if secured by any of the same collateral
- vi. If the Refinancing Project includes financing for business expenses, the expenses are eligible for financing and are included in a detailed and itemized list in the Credit Memorandum; YES\_\_\_NO\_\_\_
- vii. The funding for the Refinancing Project includes an amount from the Third Party Lender equal to or greater than the 504 net debenture amount and not less than 10% from the Borrower; YES\_\_\_NO\_\_\_
- viii. The Third Party Lender will have a first lien position, and the 504 loan will have a second lien position on all Eligible Fixed Assets securing the Refinancing Project; YES\_\_\_NO\_\_\_
- ix. The refinancing meets the job creation, retention or other economic development objectives outlined in 13 CFR § 120.861 or § 120.862 and SOP 50 10 5; YES\_\_\_NO\_\_\_
- x. The Refinancing Project costs only include the amount used to refinance the Qualified Debt, any Eligible Business Expenses, and other costs under 120.882(c) and (d) and eligible administrative costs under 120.833; YES\_\_\_NO\_\_\_
- xi. No debt being refinanced is due to an Associate of applicant; YES\_\_\_NO\_\_\_
- xii. No debt being refinanced is due to a Small Business Investment Company or a New Markets Venture Capital Company; and YES\_\_\_NO\_\_\_
- xiii. No creditor whose debt is refinanced is in a position to sustain a loss causing a shift of any part of a potential loss to the SBA. YES\_\_\_NO\_\_\_

#### **VI. Conflict of Interest**

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

*A) All statements must be answered as "True" to be eligible.*

- If the applicant's sole proprietor, partner, officer, director or stockholder with a 10% or more interest, or a household member is a GS-13 or higher government employee or a Major or Lieutenant Commander

or higher in the military, the small business applicant has submitted to the CDC a statement of no objection by the pertinent government department or military service.

True \_\_\_\_ False \_\_\_\_

• No CDC or Associate\*\* of CDC 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 \_\_\_\_ False \_\_\_\_

• No CDC or Associate or close relative of an associate of the CDC has a 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 \_\_\_\_ False \_\_\_\_

• No Associate of a CDC 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 CDC’s business integrity.

True \_\_\_\_ False \_\_\_\_

• No CDC or any Associate of CDC has accepted funding from a source that restricts, prioritizes, or conditions the types of small businesses that CDC 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 \_\_\_\_ False \_\_\_\_

• None of the Loan proceeds will directly or indirectly finance purchase of real estate, personal property or services from CDC or an Associate of CDC.

True \_\_\_\_ False \_\_\_\_

• Neither the Applicant, an Associate of Applicant, close relative nor household member of an Associate of Applicant is required to invest in CDC.

True \_\_\_\_ False \_\_\_\_

• None of the proceeds of the loan will be used to acquire space in project for which CDC has issued a real estate forward commitment.

True \_\_\_\_ False \_\_\_\_

*B) Check any item(s) that are applicable. If checked, SBA Standards of Conduct Committee approval will be required prior to issuance of an SBA loan authorization.*

\_\_\_ SBA employee, the employee’s close relative or a member of the employee’s household is an employee, officer, director, attorney, agent, creditor or debtor, or has a financial interest in the Applicant.

\_\_\_ Former SBA employee separated from SBA for less than one year is an employee, officer, director, attorney, agent, creditor or debtor, or has a financial interest in the Applicant.

\_\_\_ Member of Congress or an appointed official or employee of the legislative or judicial branch (or a close relative or household member of such an individual) is a sole proprietor, general partner, officer, director, employee, attorney, agent, creditor or debtor, or has a financial interest in the Applicant.

\_\_\_ Member or employee of a Small Business Advisory Council or a SCORE volunteer (or a close relative or household member of such an individual) is a sole proprietor, general partner, officer, director, employee, attorney, agent, creditor or debtor, or has 10.0% or more financial interest in the Applicant.

\_\_\_ Employee of community organizations such as a certified development companies or microlenders (or a close relative or household member of such an individual) has a financial interest in the Applicant.

(\*\*Associate of a CDC is an officer, director, key employee, or holder of 20 percent or more of the value of the CDC’s stock or debt instruments or an agent involved in the loan process. An Associate of a small business is an officer, director, owner of more than 20 percent of the equity, or key employee.)

**VII. Other - Check Any Item(s) That Are Applicable. If checked, answer the question.**

\_\_\_ Loan proceeds will affect properties included or eligible to be included in the National Register of Historic Places.

YES \_\_\_\_ NO \_\_\_\_

\_\_\_ Applicant or Affiliate(s) has/have existing SBA loan(s).

The existing SBA loan(s) is/are current and a schedule is included in Exhibit 1 of Form 1244 (If “No” loan is not eligible).

YES \_\_\_\_ NO \_\_\_\_

\_\_\_ Business or any of its 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. (If checked, explanation is included in Exhibit 1 of Form 1244) YES\_\_\_ NO \_\_\_

\_\_\_ Applicant business is principally engaged in teaching, instructing, counseling, or indoctrinating religion or religious beliefs whether in a religious or secular setting. (If "Yes," explain in Exhibit 1 of Form 1244.) YES\_\_\_NO \_\_\_

\_\_\_ Applicant has products or services of a prurient sexual nature. If item is checked, answer the following questions.  
If "No," loan is **not eligible**

Applicant does not present live performances of a prurient sexual nature. YES\_\_\_ NO \_\_\_

Applicant does not derive more than 5% of its gross revenue directly or indirectly, through the sale of products or services or the presentation of any depictions or displays of a prurient sexual nature. YES\_\_\_ NO \_\_\_

\_\_\_ Applicant conducts operations both in the United States and in a foreign country. If item is checked, answer the following questions. If "No," loan is **not eligible**

Applicant operates primarily in the United States. YES\_\_\_ NO \_\_\_

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 6 minutes. Comments or questions on the burden estimates should be sent to U.S. Small Business Administration, Chief, AIB, 409 3rd St., SW, Washington DC 20416. **PLEASE DO NOT SEND FORMS TO THIS ADDRESS.**