

ELIGIBILITY INFORMATION REQUIRED FOR PCLP SUBMISSION

OMB Approval No.: 3245-0346
Effective Date:
Expiration Date:

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 _____
Describe Type of Business _____
Describe Project _____

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 Applicant will use the Project Property and the Project is located in the United States. YES___NO___

The products and/or services of the Applicant business are available to the general public. YES___NO___

II. Size – Check Item(s) if Applicable and Fill out A or B below.

COMPLETE FOR APPLICANT:

If using the 504 size standard:

A. 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 _____

If using the alternative 7(a) size standard:

B. 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 _____

___ Applicant has possible affiliates. *If item is checked, provide the following information in Section XI of this form:*
List possible affiliates, discuss possible bases of affiliation and determine if affiliation exists.
If affiliation exists, provide a schedule showing combined size calculation.

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. YES___ NO___

If size standard is exceeded by no more than 25%, Applicant agrees to use the assistance within a labor surplus area. YES___ NO___

___ Applicant business is a franchise. *If item is checked, answer the following question. If "No" loan is not eligible.*
Franchisee has the right to profit and risk of loss commensurate with ownership and there are no excessive restraints on the sale of the franchise interest.

III. Principals of the Applicant – Answer all Questions. If a question is answered "No," the loan is not eligible.

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
- YES___NO___

All principals of business are either U.S. citizens, or non-U.S. citizens whose INS status has been verified by the lender.

YES ___ NO ___

CHOOSE ONE:

___ The business is at least 51 percent owned by individuals who are U.S. citizens and/or who have verified Legal Permanent Resident (LPR) status from INS and control the management and daily operations of the business.

___ The business is at least 51 percent owned by aliens with a verified status other than LPR, the lender has determined that continual and consistent management of the business has been provided by a U.S. citizen or by a verified LPR 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.)

No Associate of the Applicant is incarcerated, on probation, on parole, or under indictment for a felony or a crime of moral turpitude.

YES ___ NO ___

IV. Type of Business – Check Any Items That Are Applicable

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

- primarily engaged in the business of lending
- a passive business that holds real and/or personal property to receive rent or lease income and does not provide sufficient services to deem it active and is not an Eligible Passive Company discussed below
- life insurance company
- pyramid sale distribution plan
- any illegal activity
- consumer or marketing cooperative
- earns 1/3 or more of its gross annual revenue from packaging SBA loans
- primarily engaged in political or lobbying activities
- a speculative business (such as oil wildcatting)

___ Applicant is a pawn shop. *If checked, answer the following question. If “No” loan is not eligible.*
More than 50% of Applicant’s income for the previous year was from the sale of merchandise rather than from interest on loans.

YES ___ NO ___

___ Applicant is a motel, trailer park, campground or similar type of business. *If checked, answer the following question. If “No” loan is not eligible.*
Applicant derives 50% or more of its gross annual income from transients who stay for periods of time not exceeding 30 days.

YES ___ NO ___

___ Any of gross annual revenue of Applicant business is derived from gambling. *If checked, answer the following question. If “No” loan is not eligible.*
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.

YES ___ NO ___

___ Applicant is a private club or business. *If checked, answer the following question. If “No” loan is not eligible.*
Business does not limit the number of memberships for reasons other than capacity.

YES ___ NO ___

___ Applicant is a government-owned entity. *If checked, answer the following question. If “No” loan is not eligible.*
Applicant is business owned or controlled by a Native American tribe, but is a separate legal entity from the tribe.

YES ___ NO ___

___ Applicant is an Eligible Passive Company (EPC). *If checked, fill in the blanks and answer the following questions. If “No” loan is not eligible. 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. YES__NO__
- 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. YES__NO__
- The EPC (with the exception of a trust) and the OC each are small under SBA’s size standards. YES__NO__
- The EPC is eligible as to type of business, other than being passive. YES__NO__
- 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. YES__NO__
- The OC will be a guarantor or co-borrower. If part of the assets are to be owned by the OC, it will be a co-borrower. YES__NO__
- Each 20% or more owner of the EPC and each 20% or more owner of the OC will guarantee the loan. YES__NO__
- 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 \$1.5 million (or \$2 million if the PCLP loan is eligible under public policy goals or \$4 million if the applicant is a Small Manufacturer.) YES__NO__
- Neither the EPC nor the OC is a trust or SBA requirements regarding trusts are met. YES__NO__

V. Project Financing and Costs – Fill in All Blanks and Answer All Questions. If a question is answered “No,” the loan is not eligible.

Debenture Amount	\$ _____	Administrative Costs: SBA guarantee fee\$ _____
Interim Loan Amount	\$ _____	Funding Fee\$ _____ CDC processing fee\$ _____
Term of 504 Loan and Debenture	_____ years	Borrower’s Out-of-pocket Closing Costs \$ _____
		CDC Closing Fee\$ _____ Underwriters fee\$ _____

PERMANENT FINANCING

Third Party Loans \$ _____ %

Net Debenture \$ _____ %

Borrower Contribution \$ _____ %

PROJECT COSTS

RE Purchase ___ or Lease ___ \$ _____

RE Construction ___ or Impr. ___ \$ _____

Professional Fees \$ _____

Capital or Long-Term Equipment \$ _____

Interim Interest and Fees \$ _____

TOTAL \$ _____ % = **TOTAL** \$ _____

Third Party Loan for Debt Consolidation, if any \$ _____ = Debt Consolidation, if any \$ _____

Any costs attributable to the Project to be reimbursed to the Applicant are for land acquired prior to applying to SBA for the 504 loan and used in the Project or for other eligible expenses toward the Project within nine months prior to receipt by SBA of this application. YES__NO__

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 ___

If the Borrower has been in operation for 2 years or less and the 504 project is not considered an extension of its existing operations or the Project involves a limited or single-purpose building or structure,

- the Borrower Contribution is at least 15%
- the Debenture will finance no more than 35% of the Project and
- at least 50% of the Project financing will be from state or local government, banks or other financial institutions, foundations or other not-for-profit institutions, or seller (provided seller subordinates its interest to the debenture) or from increase in Borrower Contribution

If the Borrower has been in operation for 2 years or less and the 504 project is not considered an extension of its existing operations and the Project involves a limited or single-purpose building or structure,

- the Borrower Contribution is at least 20%
- the Debenture will finance no more than 30% of the Project and
- at least 50% of the Project financing will be from state or local government, banks or other financial institutions, foundations or other not-for-profit institutions, or seller (provided seller subordinates its interest to the debenture) or from increase in Borrower Contribution

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 ___

Any debt consolidation included in the Third Party Loan will not improve the lien position of the Lender on the pre-existing debt, unless the debt is a previous Third Party Loan.

YES ___ NO ___

The aggregate amount of the SBA portions for this application and for all outstanding loans to this Applicant And its affiliates does not exceed \$1.5 million, or \$2 million if the PCLP loan is eligible under the following public policy goal or \$4 million if the applicant is a Small Manufacturer.

YES ___ NO ___

VI. Project Economic Development Goals – Answer Question.

Number of Jobs Created _____ Number of Jobs Retained _____

This Project creates or retains one Job Opportunity for every \$50,000 guaranteed by SBA. *If "No," answer the following question.*

YES ___ NO ___

This Project creates or retains one Job Opportunity for every \$100,000 guaranteed by SBA and the applicant is a Small Manufacturer. *If "No," answer the following question.*

YES ___ NO ___

The CDC's overall portfolio of 504 loans, including this loan but exclusive of 504 loans to Small Manufacturers, meets or exceeds the CDC's required Job Opportunity Average and the Project achieves the following community development or public policy goal: _____

YES ___ NO ___

VII. Use of Project Proceeds – Check if 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 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,

except payment of ordinary compensation for services rendered. *If checked, loan is not eligible.*

___ To fund purchase, renovation, or reconstruction of an existing building. *If checked, answer the following questions. If "No" loan is not eligible.*

- Applicant (or Operating Companies) will occupy at least 51% of the rentable property. YES___NO___
- Loan proceeds will not be used to remodel or convert space not occupied by the Applicant or OC. YES___NO___
- Third Party Loan proceeds used to renovate the rental space are not counted towards the 504 first mortgage requirements or the Borrower's Contribution. YES___NO___

___ To finance construction of a new building. *If checked, answer the following questions. If "No" loan is not eligible.*

- If building will contain rental space, Applicant (or Operating Companies) will occupy 60% of rentable space immediately, will lease no more than 20% of rentable space long term, will occupy more than 60% of rentable space within 3 years and plans to occupy at least 80% of rentable space within 10 years. YES___NO___
- Community improvements do not exceed 5 percent of construction proceeds. YES___NO___

___ To purchase, transport, dismantle or install machinery and equipment. *If checked, answer the following question. If "No" loan is not eligible.*

- The machinery and equipment has a useful life of at least 10 years. YES___NO___

___ To purchase short-term equipment, furniture and/or fixtures. *If item is checked, answer the following question. If "No," loan is not eligible.*

The dollar amount compared to the total project cost is minimal and will not affect the maturity based upon a weighted average useful life and the items are essential to and a minor portion of the Project. YES___NO___

___ To fund leasehold improvements. *If checked, answer the following question. If "No" loan is not eligible.*

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

___ 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 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___

VIII. Conflict of Interest – Check if Applicable

___ Associate of Applicant or member of Associate's household is GS-13 or higher government employee, Major or Lieutenant Commander or higher in military. *If checked, answer the following question. If "No" loan is not eligible.*

Applicant has submitted statement of no objection by pertinent department or military service. YES___NO___

___ A community organization (except state and local development companies) or its officers or its directors have a significant financial interest in the Applicant unless the organization has been inactive in packaging SBA loans for at least two years prior to the application date. *(Loan is not eligible for PCLP.)*

___ Employee (or member of employee's household) of a community organization such as a certified development company or microlender has a significant financial interest in the Applicant. *(Loan is not eligible for PCLP.)*

___ SBA employee, close relative or member of employee's household, or former SBA employee separated from SBA less than one year has a financial interest in the Applicant. *(Loan is not eligible for PCLP.)*

___ Individuals currently involved in the Small Business Institute or Small Business Development Company Programs or members of their household have a significant financial interest in the Applicant. *(Loan is not eligible for PCLP.)*

___ A member of Congress or member of his/her household is an officer, director or shareholder with 10 percent or more interest in the Applicant. *(Loan is not eligible for PCLP.)*

___ Appointed official or employee of the federal legislative or judicial branch, a member or employee of a Small Business Advisory Council, a SCORE or ACE volunteer, or a close relative, is a sole proprietor, partner, officer, director, or shareholder with 20 percent or more interest in the Applicant. *(Loan is not eligible for PCLP.)*

IX. Ethical Requirements – Check if Applicable (If any are checked, loan is not eligible for PCLP.)

___ 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.

___ CDC or any Associate of CDC owns or owned within 6 months prior to this application an equity interest in Applicant.

___ CDC or any Associate of CDC is incarcerated, on parole, or on probation or is a convicted felon or has an adverse final civil judgment that would cause the public to question the CDC’s business integrity.

___ 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.

___ Loan proceeds will directly or indirectly finance purchase of real estate, personal property or services from CDC or an Associate of CDC.

___ Applicant, an Associate of Applicant, or close relative of Associate of Applicant is required to invest in CDC.

___ Proceeds will be used to acquire space in project for which CDC has issued a real estate forward commitment.

X. PCLP Requirements – Check if Applicable

___ Loan is for the following special purpose OR Applicant is or does one of the following *(Loan is not eligible for PCLP):*

- Disabled Assistance Loan Program (DAL)
- Energy Conservation
- Qualified Employee Trusts (ESOP)
- Pollution Control Program
- Agricultural or farm business
- Fishing or shore operation (including commercial fishing activities and the construction of new fishing vessels)
- Medical facility (involving any type of extended care/assisted living situation)
- Mine (including sand and gravel pits)
- Does business in a foreign country
- Is engaged in teaching, instructing, counseling or indoctrinating religion or religious beliefs, whether in a religious or secular setting
- A business deriving directly or indirectly more than de minimis 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

___ Applicant or Affiliate(s) has/have existing SBA loans(s). *If checked, answer the following question. If “No” loan is not eligible.*
The existing SBA loan(s) is/are current. YES___NO___

___ Question 6, 7, or 8 on any required SBA Form 912, Statement of Personal History, for this application is answered “Yes.” *(Loan is not eligible for PCLP.)*

___ CDC has previously submitted this application to SBA under any other program, including ALP or regular 504. *(Loan is not eligible for PCLP.)*

___ Loan will have primary collateral that will not meet SBA’s environmental requirements or that will require use of a non-standard indemnification agreement. *(Loan is not eligible for PCLP.)*

___ 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. *(Loan is not eligible for PCLP.)*

XI. COMMENTS REGARDING ANY OF ABOVE ANSWERS THAT REQUIRE EXPLANATION OR REGARDING ANY OTHER RELEVANT ELIGIBILITY ISSUES. ATTACH ADDITIONAL PAGE(S) IF NECESSARY.

CDC hereby certifies that the above information is true and correct, to the best of its knowledge, and that it has exercised due diligence to obtain the true and correct information.

CDC Signature _____ Date _____
and Typed Name and Title _____

Rev. 5/2007

The estimated burden for completing this form is 25 minutes. You will not be required to respond to any collection of information unless it displays a currently valid OMB Control Number. Comments on the burden should be sent to U. S. Small Business Administration (SBA), Chief, AIB, 409 3rd Street, SW, Washington, DC 20416 and Desk Officer for SBA, Office of Management and Budget, New Executive Office Building, Rom 10202, Washington, DC 20503. OMB Control Number 3245-0346. PLEASE DO NOT SEND FORMS TO OMB.