

## ELIGIBILITY INFORMATION REQUIRED FOR SBA EXPRESS AND PILOT LOAN PROGRAM SUBMISSIONS

**(This form is to be completed by the Lender.)**

**1. Fill out all of this section. If a question in this section is answered "No," the loan is not eligible for Express submission.**

Applicant Name \_\_\_\_\_  
Lender Name \_\_\_\_\_  
Purpose of Loan \_\_\_\_\_  
Describe Type of Business \_\_\_\_\_

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 \_\_\_

### **Size**

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 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 \_\_\_

### **CHECK IF APPLICABLE:**

\_\_\_ Applicant has possible affiliates. *If checked, provide the following information in attachment to this form:*  
List possible affiliates, discuss possible bases of affiliation and determine if affiliation exists. If affiliation exists, state combined average annual receipts over last 3 completed fiscal years or number of employees for applicant and all affiliates. YES \_\_\_ NO \_\_\_

\_\_\_ Applicant business is a franchise. *If 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. YES \_\_\_ NO \_\_\_

### **Principals 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. YES \_\_\_ NO \_\_\_

No Associate (an officer, director, owner of more than 20 percent of the equity, or key employee) of the Applicant is incarcerated, on probation, on parole, or under indictment for a felony or a crime of moral turpitude. YES \_\_\_ NO \_\_\_

All owners of 20 percent or more of the Applicant will guaranty the loan. 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; OR

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.)

**Terms of the Loan**

The maturity of the loan does not exceed the maximum allowable by SBA and is the shortest appropriate term commensurate with repayment ability of the Applicant. If the loan is revolving, the maturity does not exceed seven years. YES\_\_\_NO\_\_\_

SBA guaranty percentage does not exceed 50% for an SBAExpress loan up to \$350,000; or if a Community Express, Export Express or Patriot Express loan, does not exceed 85% for a loan of \$150,000 or less OR 75% for a loan greater than \$150,000. YES\_\_\_NO\_\_\_

The aggregate amount of the SBA portions for this application and all outstanding 7(a) and 504 loans to Applicant and its affiliates does not exceed \$1,500,000. YES\_\_\_NO\_\_\_

The aggregate balance of all SBAExpress, FA\$TRAK, Community Express and ExportExpress loans to Applicant and its affiliates does not exceed \$350,000. Patriot Express loan amount does not exceed \$500,000. The aggregate balance of all SBAExpress, FA\$TRAK, Community Express and Patriot Express loans to Applicant and its affiliates does not exceed \$500,000. YES\_\_\_NO\_\_\_

For SBAExpress, Community Express, and Export Express, the interest rate of the loan does not exceed 6.5% over prime rate for loans of \$50,000 and less or 4.5% over prime rate for loans over \$50,000. For Patriot Express, the interest rate of the loan does not exceed 2.25% over prime for maturities under 7 years and 2.75% over prime for maturities of 7 years or more except that interest rates can be higher by 2% for loans of \$25,000 or less and by 1% for loans between \$25,000 and \$50,000. YES\_\_\_NO\_\_\_

Applicant does not have a non-SBA-guaranteed loan made by any lender at or about the same time for the same or similar purpose as this loan, with a lien position senior to this loan ("Piggyback Loan"). YES\_\_\_NO\_\_\_

**II. CHECK ANY ITEMS THAT ARE APPLICABLE IN THIS SECTION.**

**Type of Business**

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 loan proceeds include working capital or assets 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 \$1,500,000. YES \_\_\_ NO \_\_\_
- Neither the EPC nor the OC is a trust, or SBA requirements regarding trusts are met. YES \_\_\_ NO \_\_\_

**Use of Proceeds**

\_\_\_ To provide or refinance funds used for payments, distributions, or loan to Associates of the Applicant, except payment of ordinary compensation for services rendered. *If checked, loan is not eligible.*

\_\_\_ For debt refinancing. *If checked, ATTACH A DEBT SCHEDULE SHOWING THE TERMS OF THE DEBT TO BE REFINANCED AND THE JUSTIFICATION FOR THE REFINANCING. Also, answer the following questions. If "No" loan is not eligible.*

- Refinancing will provide a substantial benefit to Applicant of at least 20% needed improvement to cash flow or refinanced debt is short-term, involves a balloon payment, or is interest only. If more than one debt is refinanced, no debt being refinanced will have a higher debt service requirement after debt refinancing than prior to refinancing. YES \_\_\_ NO \_\_\_
- Existing debt no longer meets the needs of the Applicant. YES \_\_\_ NO \_\_\_
- If existing debt is between the Applicant and the requesting SBAExpress lender, the debt has been current (no payment beyond 29 days past due) for at least the last 36 months. The new loan will not reduce the lender's existing credit exposure to the borrower. YES \_\_\_ NO \_\_\_
- 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. YES \_\_\_ NO \_\_\_
- Debt to be refinanced is not an SBA loan. YES \_\_\_ NO \_\_\_
- Loan will not refund debt to an SBIC. YES \_\_\_ NO \_\_\_
- Loan will not repay third party financing for any existing 504 project. YES \_\_\_ NO \_\_\_
- Loan will not repay delinquent IRS withholding taxes, sales taxes or similar funds held in trust. YES \_\_\_ NO \_\_\_

\_\_\_ For a purpose that will not benefit the small business. *If checked, loan is not eligible.*

\_\_\_ To fund or refinance a change in ownership. *If checked, answer the following questions. If "No" loan is not eligible.*

- The change will promote the sound development or preserve the existence of the Applicant business. YES\_\_\_NO\_\_\_
- The change is an arm's-length transaction and the purchase price is supported by a business valuation (not to include any real estate) by the lender or an independent third party hired by the lender. The valuation is based on a generally accepted valuation method used for the industry in which the business operates. The loan file is well documented regarding the valuation and includes the substantiating analysis. If the valuation analysis is performed by the lender's loan officer, a synopsis of the analysis is attached. If buyer and seller are related, transaction is supported by an independent third party valuation. YES\_\_\_NO\_\_\_
- Change is 100% of ownership or a business repurchasing 100% of one or more of its owners' interests. YES\_\_\_NO\_\_\_
- If the loan is paying off an SBA guaranteed loan of the seller, the loan being paid off is not with the same lender submitting this loan request. YES\_\_\_NO\_\_\_

\_\_\_ For construction or refinance of 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 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. YES\_\_\_NO\_\_\_
- Community improvements do not exceed 5 percent of construction proceeds of this loan. YES\_\_\_NO\_\_\_

\_\_\_ To provide funds for or refinance of acquisition of land or existing building or for 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 any rental space in the property. YES\_\_\_NO\_\_\_

\_\_\_ To provide funds for or refinance of 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 provide funds to guarantee or fund a letter of credit. *If checked, answer the following question. If "No" loan is not eligible.*

Loan is an Export *Express* loan. YES\_\_\_NO\_\_\_

\_\_\_ To provide funds for floor planning. *If checked, loan is not eligible*

## **Special Program Requirements**

\_\_\_ Loan is one of the following special purpose loans (*Loan is not eligible to be submitted under this process.*)

- Disabled Assistance Loan Program (DAL)
- Energy Conservation
- International Trade Loans, except for Export *Express* loans
- Qualified Employee Trusts (ESOP)
- Pollution Control Program
- CapLines Program (including Builders Loan Program)
- Community Adjustment and Investment Program (CAIP)

\_\_\_ Applicant is or does one of the following (*Loan is not eligible to be submitted under this process.*)

- 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)
- Has operations, facilities, or offices located overseas (other than those strictly associated with the marketing and/or distribution of products exported from the U.S.)
- Is engaged in teaching, instructing, counseling or indoctrinating religion or religious beliefs, whether in a religious or secular setting
- Derives 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.

\_\_\_ Loan is under SBA Export Express. *If checked, answer the following questions. If "No" loan is not eligible.*

- The business has been operating, although not necessarily in exporting, for at least 12 full months. YES\_\_\_NO\_\_\_
- Applicant has demonstrated to lender that loan proceeds will enable it to enter a new export market or expand an existing export market. YES\_\_\_NO\_\_\_
- Proceeds will not be used to finance overseas operations, except for the marketing and/or distribution of products/services exported from the U.S. YES\_\_\_NO\_\_\_
- If proceeds are being used to finance specific export transactions, lender has determined that U.S. companies are authorized to conduct business with the proposed country and has reviewed the Ex-Im Bank Country Limitation Schedule to verify Ex-Im Bank is open for business in that foreign country. YES\_\_\_NO\_\_\_

\_\_\_ Loan is under Patriot Express. *If checked, answer the following questions. If "No" loan is not eligible*

- Fifty-one percent (51%) or more of the applicant small business is owned and controlled by one or more of the eligible groups for Patriot Express. YES\_\_\_NO\_\_\_
- Each owner that meets the qualifications for Patriot Express has provided documentation from the Department of Defense or Veteran Affairs that verifies their status and a copy of that documentation is retained in the Lender's file. YES\_\_\_NO\_\_\_

\_\_\_ Applicant or Affiliates(s) has/have existing SBA loan(s). *If checked, answer the following question. If "No" loan is not eligible.*

The existing SBA loan(s) is/are current. YES\_\_\_NO\_\_\_

\_\_\_ Applicant has paid or has committed to pay a fee to a third party to assist in the preparation of the loan application or application materials, or the Applicant or Lender has paid or has committed to pay a referral agent or broker a fee.

*If checked, answer the following question. If "No" loan is not eligible.*

A Form 159 has been or will be completed, signed by all parties as required, and kept in lender's file. YES\_\_\_NO\_\_\_

\_\_\_ Loan finances more than 90% of (1) the actual cost of real estate being acquired; (2) the financing needs for a new business; or (3) the acquisition of any other business (change of ownership). (*Loan is not eligible to be submitted under this process.*)

\_\_\_ Question 1, 2, or 3 on any required SBA Form 1919, SBAExpress, and Pilot Loan Programs (Export Express, Community Express, and Patriot Express) Borrower Information Form, for this application is answered "Yes" and form was not cleared by lender pursuant to SBAExpress and SOP guidelines. (*Loan is not eligible to be submitted under this process.*)

\_\_\_ Lender is aware that the application was previously submitted to SBA under any SBA program, including SBAExpress, Community Express, PLP, CLP, Patriot Express or regular 7(a). (*Loan is not eligible to be submitted under this process.*)

\_\_\_ 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 to be submitted under this process.*)

\_\_\_ Business previously defaulted on a Federal loan or Federally assisted financing that resulted in the Federal government or any of its departments or agencies sustaining a loss; or a business owned or controlled by a principal or any Associates which previously owned or operated a business which defaulted on a Federal loan (or guaranteed a loan which was defaulted) and caused the Federal Government or any of its agencies or departments to sustain a loss in any of its programs, including any compromise agreement with any such agency/department; or a principal was the recipient of a student loan that is in delinquent status. (*Loan is not eligible to be submitted under this process.*)

**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 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. 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.)

**ATTACH SHEET FOR COMMENTS REGARDING ANY OF ABOVE ANSWERS THAT REQUIRE EXPLANATION OR REGARDING ANY OTHER RELEVANT ELIGIBILITY ISSUES.**

**Lender 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. Lender is aware and acknowledges that SBA review of this form is a quick look at eligibility intended to provide limited protection to SBA and the lender from making an ineligible loan on which SBA could not honor its guarantee and that if an SBA loan number is assigned and SBA later learns that the loan is not eligible, SBA still may deny liability on its guarantee.**

**Lender Signature:** \_\_\_\_\_

**Date**\_\_\_\_\_

**Typed 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 30 minutes per response. 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.**