

## REPORTING REQUIREMENTS – NON-FORMS

Test for Credit Elsewhere. Not being able to obtain credit from other sources is a statutory requirement. The applicant is required to certify to this effect. Used by the Agency to help determine program eligibility.

Feasibility Study. Provided by the applicant with the application. It addresses the economic, market, technical, financial, and management feasibility of the proposal. Used by the Agency to help determine the creditworthiness of the proposal.

Personal and Corporate Guarantees. The document is prepared by the Agency and executed by the applicant at closing. Used as evidence of the additional collateral which protects the Government's financial interest.

Periodic Financial Statements. Certified Public Accountant completed financial statements are provided to the Agency by the borrower at least annually. More frequent, internally completed statements may be required in certain situations. Used by the Agency to monitor the progress of the business and to help identify potential problems before they become critical, thus helping to keep business failures and Agency losses to a minimum.

Hazard Insurance. The Agency requires the borrower to provide evidence of appropriate insurance coverage. Used by the Agency to ensure that Agency collateral and borrower assets are protected against loss.

Life and Worker's Compensation Insurance. Life insurance may be required on key management officials. Borrower must provide evidence of its existence, when required. Used by the Agency to better ensure the success of a business by insuring management succession when key management is lost. Worker's compensation insurance is required in accordance with State law.

Appraisal Reports. Applicant selects and pays certified appraiser to complete appraisal and submit to the Agency. Used to determine the value of borrower assets being offered as collateral to ensure the proposed loan is adequately secured.

Displaced Farmer Certification. The applicant certifies compliance in writing. Used by the Agency to help determine loan priority.

Preapplication Requirements. These are optional. The preapplication information is used by the Agency to make a preliminary decision concerning the applicant's eligibility for program assistance utilizing information readily available to the applicant. The applicant may skip the preapplication phase and submit a full application if it chooses to do so.

- (1) Letter prepared by the applicant. Provides the Agency with basic information about the applicant and the loan proposal.
- (2) Certificate of Non-Relocation. Reported in 7 CFR 4279-A and B and 4287-B.

- (3) Statement of Personal History. Provides the Agency with information about the applicant.
- (4) A record of pending regulatory or legal action against the applicant. Used by the Agency to determine the potential adverse impact any legal action would have on the proposal.
- (5) Current financial information on the applicant business. Provides the Agency with the current financial condition of the applicant.
- (6) Projected financial information. Basic information used by the Agency to determine if the applicant is likely to be determined eligible for program assistance.
- (7) Sales projections. Used in conjunction with other projections to determine the creditworthiness of the proposal.
- (8) Intergovernmental consultation. Used to determine if the proposed development is in line with local and other planning strategies.

Application Requirements. The applicant provides the balance of the application requirements to the Agency. The information is used by the Agency to determine program eligibility and creditworthiness of the proposal. The application requirements are broken down below:

- (1) Environmental review documentation. As required in accordance with 7 CFR part 1970
- (2) Architectural or engineering plans. Used by the Agency to determine if the proposal meets accessibility and other code requirements. And, because the Agency will monitor and inspect construction, used to assure construction progresses according to plans.
- (3) Cost estimates. Used by the Agency to determine if funds will be adequate to cover planned expenses.
- (4) Appraisal reports. Used by the Agency to determine the value of assets offered as collateral. The applicant is typically required to provide appraisals, completed by qualified independent appraisers.
- (5) Projected financial statements for existing businesses. The applicant must provide these to enable the lender and Agency to determine the financial health of the business and the likelihood it will continue to operate successfully. Typically required by lenders for non-guaranteed loans.

- (6) Projected financial information for new businesses. Much of the same information required from existing businesses, with some additional information about start-up costs, etc.
- (7) Credit reports. Used to evaluate the credit history of the business or the owners as an aid in the credit evaluation. The Agency will supply credit reports on the applicant's business but may require the applicant to provide credit reports for individuals when not available through a government contractor.
- (8) Copy of building permits. Used by the Agency to assure that all permits have been obtained.
- (9) Financial statements for personal and corporate guarantors. Used to evaluate the financial strength of the owners to determine if they will be able to inject additional resources into the business if needed and to provide a measure of comfort. Typically required by lenders for non-guaranteed loans.
- (10) Loan Agreement. Not needed from applicant for a direct loan.
- (11) Feasibility study. See requirements reported above.
- (12) Form 10-K, "Annual Report." The Agency requests a copy of this report from publicly traded companies. It is prepared for the Securities and Exchange Commission and aids in the lender and Agency loan analysis. Typically required by lenders for non-guaranteed loans.

Certificate of Need. Obtained by the applicant from the appropriate regulatory authority when a loan request is for a health care facility. Used as evidence that the borrower will be able to collect from third party payors, which has a significant effect on the project feasibility.

Change of Conditions. An applicant is requested to modify the Agency established conditions of loan closing, usually in the form of a letter. Used by the Agency to determine if the Agency will agree to the change.

Borrower Visits. Agency inspection of the business premises and books to determine the condition of loan collateral and the business. Potential problems may be identified before they become critical, thus helping to keep business failures and Agency losses to a minimum. Form 4279-15, "Business & Industry Visit Review Report (Field Visit Review)," is used to complete the visit. There are approximately 16 B&I direct loan borrowers outstanding and each borrower should be visited at least once a year. This form has been previously cleared under the burden package for RD Instruction 4287-B.

Meetings to Resolve Problems and Delinquencies. Meetings are held with the borrower when needed to resolve problems. They are usually initiated by the Agency and intended to keep business failures and Agency losses to a minimum.