

SBA 504 LOAN FILE REVIEW WORKSHEET

CDC Name:	
Borrower Name:	
TPL Name:	
SBA Approval Date:	
SBA Disbursement Date:	
SBA Current Balance:	
SBPS (Origination):	
NAICS Code:	
Reviewer Name:	
Loan Risk Rating at Origination:	

CDC FIRS#:	
SBA Loan Number (GP#):	
TPL Amt:	
SBA Approved Amount:	
Borrower Contribution:	
Delivery Method:	
Date Transferred to Liquidation:	
Purchase Date:	
Review Date:	
Current Risk Rating:	
CDC Servicing Fee	
Closing Date	

	<u>Sources</u>	<u>%</u>
TPL Loan	\$	
504 Net Debenture	\$	
Borrower Contribution	\$	
Total	\$	100.00

Type (Check Attributes that apply)

Status

- New Business (≤ 2 yr.)
- Limited Use Collateral
- Franchise
- EPC/OC
- ARRA (Recovery Act)

- Current
- Past Due
- Delinquent
- Deferred
- In Catch Up
- Active Purchase-Regular Servicing
- Active Purchase-Liquidation
- Purchased

Reviewers: The questions below are posed such that "Yes" responses indicate "in compliance." All questions require a response (Yes, No or N/A). ADD: Explain specific reason(s) for each exception ("No") in the Comments section.

	Question	Req.	Category	Yes/No/NA	Comments
Eligibility					
1	<i>Business is a for-profit domestic operation?</i>	X	Eligibility		
2	<i>Size determinations were correct and analyzed according to SBA policy?</i>	X	Eligibility		
3	<i>Franchise's SBA eligibility is documented and Franchise documents are fully executed?</i>		Eligibility		
4	<i>Loan file contains written evidence that credit is not otherwise available on reasonable terms?</i>	X	Eligibility		
5	<i>Personal resources test was appropriately applied?</i>		Eligibility		
6	<i>SBA Form 912 "Statement of Personal History" obtained for all owners, guarantors, and key management (if applicable); if any 912 question answered in the affirmative, proper SBA approval was obtained (explain ANY "No")?</i>		Eligibility		
7	<i>File contains CAIVRS documenting no prior loss to the government? For PCLP lenders If loan approval prior to 9/30/2012, no CAIVRS required, however the No Prior Loss Statement must be certified by the Borrower. For all others If loan approval prior to 1/1/2014 no CAIVRS required, however the No Prior Loss Statement must be certified by the Borrower. (Explain any "No" as either not meeting the standard AND/OR not meeting the documentation)?</i>	X	Eligibility		
8	<i>Principal(s) are eligible citizens or have eligible non-citizen status?</i>	X	Eligibility		
9	<i>Have all EPC/OC requirements been met? (Explain WHAT conditions are not met with any "No" answer)</i>		Eligibility		
10	<i>Any Project, including 504 Debt Refinance approved after June 24, 2016, meets the required Job Opportunity requirements or is exempt due to meeting Public Policy requirements (i.e. minority, veteran, woman-owned business, etc.)? If the 504 Debt Refinancing Project was approved before June 24, 2016, alternative job retention goal that was authorized by the previous Jobs Act applies.</i>	X	Eligibility		
11	<i>Relocation out of the community requirements were met?</i>		Eligibility		

12	<i>All occupancy percentage and proceeds requirements are met? This question is "Required" whenever loan proceeds are used to acquire, construct/renovate real estate.</i>		Eligibility		
13	<i>No actual or apparent conflicts of borrower and/or lender interests exist?</i>	X	Eligibility		
14	<i>Loan proceeds were used for eligible business purposes and in accordance with Loan Authorization?</i>	X	Eligibility		
15	<i>Loan meets loan program-specific eligibility requirements/restrictions for delivery method under which the loan was approved. (Explain any "No" answer with specific requirements not met.)?</i>		Eligibility		
16	<i>Third Party Lender permanent meets Loan Authorization conditions?</i>	X	Eligibility		
Credit Standards & Borrower Contribution					
17	<i>Life Insurance determination was documented?</i>	X	Underwriting		
18	<i>Credit analysis was performed and included repayment ability based on historical income statements and/or tax returns? Completing this question is not required for start ups.</i>		Underwriting		
19	<i>Repayment is justifiably based on projection with reasonableness of assumptions and compared to industry standards?</i>		Underwriting		
20	<i>A ratio analysis of the financial statements including any comments on any trends and a comparison to industry averages?</i>	X	Underwriting		
21	<i>Owners' & Managers' relevant experience in business, credit histories & explanation of adverse info on credit?</i>	X	Underwriting		
22	<i>Economic viability of market was considered?</i>	X	Underwriting		
23	<i>Collateral is adequate and the CDC's analysis sufficiently addresses all requirements? See guidance regarding collateral adequacy test</i>	X	Underwriting		
24	<i>CDC collateral analysis includes liquidation value of pledged collateral?</i>	X	Underwriting		
Collateral, Appraisals and Environmental Policy					
25	<i>All required personal and corporate guarantees were obtained?</i>	X	Closing/ Disbursement		
26	<i>Appraisal conducted as required on real estate estimated value of \$350,000 or more?</i>		Underwriting		
26a	<i>Evaluation conducted as required on real estate estimated value of \$250,000-\$350,000</i>		Underwriting		
27	<i>The environmental policies and procedures were applied in accordance with regulations (Environmental Investigation Report and reliance letter)?</i>		Underwriting		
28	<i>Third Party Lender obtained no preferences?</i>		Underwriting		

Loan Authorization, Closing and Disbursement					
29	<i>CDC's Preparation of Authorization included all appropriate terms and conditions, as required, e.g. including required categories of professional liability insurance coverage</i>	X	Closing/ Disbursement		
30	<i>The loan file contained the CDC's Certifications of no adverse change?</i>	X	Closing/ Disbursement		
31	<i>CDC verified use of proceeds and retained in its file evidence to support disbursements, such as cancelled checks, paid receipts or Final Certified Closing Statement signed by a third party closing agent? And/or CDC has obtained signed and dated construction contracts for ground up construction projects or for major renovations requiring the borrower to hire someone to complete the work as stated in the credit memo/SBA Authorization?</i>	X	Closing/ Disbursement		
32	<i>Is Borrower's Contribution appropriate to the project and has been verified by a Final Closing Statement signed by the third party closing agent and/or supporting paid invoices?</i>	X	Closing/ Disbursement		
33	<i>If Authorization requires a Standby Note, does the file include a signed copy of the Standby Note containing the all required terms?</i>		Closing/ Disbursement		
34	<i>Hazard Insurance Policies with SBA/CDC listed specifically as either "Lender Loss Payee" or "Mortgagee Loss Payee" documented in file for all assets pledged as collateral at closing? CDC obtained lenders/mortgagee loss clauses on updated or new insurance policies after closing? If updated insurance certification contains all required endorsements do not cite for not having at origination.</i>	X	Servicing		
35	<i>Does file contain Federal Emergency Management's (FEMA) certificate indicating flood determination? If in Special Flood Hazard Area flood zone, then was flood insurance binder obtained for closing?</i>	X	Closing/ Disbursement		
36	<i>Collateral assignment of life insurance obtained, as applicable?</i>		Closing/ Disbursement		
37	<i>Other insurance policy requirements (workers' comp, disability, malpractice)?</i>		Closing/ Disbursement		
38	<i>IRS tax transcripts were obtained and reviewed to verify historic financial information upon which credit worthiness decision was made?</i>		Closing/ Disbursement		

39	All required SBA Forms 159s (Fee Disclosure Form and Compensation Agreement) were obtained?		Closing/ Disbursement		
40	All required collateral lien positions have been adequately verified through post-filing UCC searches and final title policies? The file also contains documentation supporting the recorded Interim Lien release moving the CDC/SBA into the proper lien position as required in the SBA Authorization?	X	Closing/ Disbursement		
41	Where applicable, evidence that CDC obtained list of equipment and serial numbers on items with liquidation value over \$5,000?		Closing/ Disbursement		
42	The file contains detailed documentation supporting the Use of Proceeds as required in the Authorization? (Review settlement statements) If <u>new construction or major renovations</u> , the file contains a detailed itemization of ALL Use of Proceeds paid to contractors, sub-contractors, materials, supplies, services, etc.?		Closing/ Disbursement		
43	CDC has complied with Loan Authorization's requirements for verification of completion of construction and occupancy?		Closing/ Disbursement		
44	Loans are classified (aka risk rated) at origination/funding	X	Closing/ Disbursement		
Regular Servicing					
45	CDC's monitoring of continued creditworthiness is reasonably sufficient? Evidence that CDC has a system of monitoring real property tax payments and hazard insurance to ensure real estate taxes and insurance are current? Provide a narrative in the "Comments" section describing the evidence in file and why it is or is not considered sufficient.	X	Servicing		
46	Loans are classified (aka risk rated) at origination and reviewed annually (or more frequently if circumstances such as borrower payment default or lapse in insurance necessitate)?	X	Servicing		
47	CDC obtained evidence of updated/renewal insurance coverage with Lender's Loss Payable/Mortgagee clause(s), as required, post-closing?		Servicing		
48	"For loans disbursed more than two years from the review date, did the CDC obtain documentation from the borrower supporting the number of jobs created and/or retained at the two year anniversary of the loan?"	X	Servicing		

49	<i>"Does the documentation of jobs created and/or retained provided to the reviewer support the job numbers at the two year anniversary of the loan that was reported by the CDC in the Annual Report</i>	X	Servicing		
50	<i>Where TPL loan is refinanced and SBA subordinates to refinancing, CDC verified proceeds of subordination were used properly, that TPL was not paid prohibited charges under the TPL Agreement and that correct subordination form was used?</i>		Intensive Servicing		
Intensive Servicing					
51	<i>CDC promptly notified SBA of all situations which would require IG referral?</i>		Intensive Servicing		
52	<i>Evidence that all information given to SBA or used by CDC to support servicing actions was accurate?</i>		Intensive Servicing		
53	<i>Evidence that CDC engaged in intensive servicing efforts when loan was 60 days past due? CDC performed a timely site visit within 60 days of a payment default or within 15 days of a non-payment default, or sooner if collateral could be removed, lost or dissipated?</i>		Intensive Servicing		
54	<i>Evidence that during the site visit a good faith effort was made to inspect and inventory collateral, reconcile any missing items using equipment list at loan origination and obtain serial #'s on items with liquidation value over \$5,000?</i>		Intensive Servicing		
55	<i>CDC submitted loan for purchase within 90 days of default to prevent excess interest payments?</i>		Intensive Servicing		
56	<i>CDC verified real estate taxes were paid, that no adverse property conditions existed and analyzed financial feasibility of repayment prior to approving a deferment?</i>		Intensive Servicing		
Liquidation					
57	<i>Evidence that if collateral had value CDC took prudent and commercially reasonable efforts to care for and preserve collateral until it was liquidated?</i>		Intensive Servicing		
58	<i>CDC has provided notice to SBA upon classification of the loan into "liquidation"? When a 504 Loan is classified in liquidation, the CDC must immediately request that SBA purchase the Debenture. A loan must be classified in liquidation when the Note is accelerated.</i>		Intensive Servicing		
59	<i>CDC has provided a written liquidation plan for SBA approval within 30 days of debenture purchase?</i>		Intensive Servicing		

60	<i>Current appraisals were used by the CDC to evaluate liquidation collateral?</i>		Intensive Servicing		
61	<i>In a liquidation case where property title was taken, an environmental review was done prior to the acquisition of title?</i>		Intensive Servicing		
62	<i>CDC has forwarded all recoveries on repurchased debentures within 15 days of receipt?</i>		Intensive Servicing		
63	<i>The Wrap-Up Report has been completed and submitted to SBA in accordance with loan program requirements?</i>		Intensive Servicing		
Debt Refinancing Program					
64	<i>Was borrower current, with no deferments or more than 30 days past due, on all payments due on the existing debt for not less than 1 year preceding the date of refinancing (Exceptions approved in HQ by GH or GS)?</i>		Eligibility		
65	<i>Is the debt that is being refinanced, "Qualified Debt", which is a commercial loan that was:</i> 1) <i>substantially all (85% or more) of the proceeds of which were used to acquire an Eligible Fixed Asset (as defined in 13 CFR §120.882(g)(15)). If the Eligible Fixed Asset was originally financed through a commercial loan that would have satisfied the "substantially all" standard (the "original loan") and that was subsequently refinanced one or more times, with the current commercial loan being the most recent refinancing, the current commercial loan will be deemed to satisfy this requirement;</i> 2) <i>incurred not less than two years before the date of application;</i> 3) <i>for the benefit of the small business seeking the refinancing?</i> 4) <i>secured by the Eligible Fixed Assets for at least 2 years?</i> 5) <i>for which the Borrower has been "current on all payments due" for not less than one year preceding the date of application?</i> 6) <i>not subject to a guarantee by a Federal agency or department?</i> 7) <i>not a Third Party Loan which is part of an existing 504 Project?</i>		Eligibility		
66	<i>Has the CDC stated that the Refinancing Project does not involve an expansion of the small business, i.e., none of the funds provided will be used for the acquisition, construction or improvement of land, buildings or equipment for use by the small business?</i>		Eligibility		

67	<i>Borrower has been in operation for all of the two-year period ending on the date of application and no change of ownership occurred during this period? If a change in ownership occurred during the most recent two year period, did the CDC make a determination in the credit memo that the change would not result in new, unproven ownership / management and increased debt unrelated to business operations?</i>		Eligibility		
68	<i>Additional collateral consisting of fixed assets was added because it needed to comply with the 90% Loan-to-Value limitation?</i>		Eligibility		
69	<i>If the project included refinancing of "eligible business expenses" they were limited to the following business expenses: 1) Other Secured Debt? 2) Eligible Business Expenses?</i>		Eligibility		
70	<i>If the project included refinancing of "eligible business expenses," the application included a specific description of the Eligible Business Expenses and an itemization of the amount of each expense with the Form 1244 certification of the accuracy of this information?</i>		Eligibility		
71	<i>Loan applications for assistance under the 504 Debt Refinancing Program were processed by the SBA and were not approved by CDCs under PCLP authority?</i>		Eligibility		
72	<i>The CDC provided an analysis in its credit memorandum that the proposed debt refinancing satisfies each of the requirements of the 504 Debt Refinancing Program?</i>		Eligibility		
73	<i>The CDC obtained evidence that lien(s) are securing the Qualified Debt and any Other Secured Debt with Eligible Fixed Asset(s), and stated in its credit memorandum that it has verified that the lien(s) has been in place for at least two years before the date of application? The CDC retained the evidence of the liens in its records (e.g., Preliminary Title Report, Mortgage Deed of Trust, or UCC- 1 filing)?</i>		Eligibility		
CDCs with Liquidation Authority					
74	<i>CDC verified TPL balance on all servicing and liquidation actions to ensure that TPL complies with TPL Agreement's limitation on cross-collateralization and default fees?</i>		Intensive Servicing		
75	<i>CDC staff proactively works litigation and liquidation cases for recovery and does not allow cases to drift?</i>		Intensive Servicing		
76	<i>CDC submits timely wrap-up reports and 10% loss fee on all loans?</i>		Intensive Servicing		

77	<i>CDC file shows evidence of intensive servicing and liquidation/litigation of all assets?</i>		Intensive Servicing		
78	<i>CDC insures that equipment is not abandoned to foreclosure sale buyer?</i>		Intensive Servicing		
79	<i>CDC obtained prior approval for all litigation plans, legal fees, compromises and any other action requiring prior SBA approval?</i>		Intensive Servicing		
80	<i>CDC recorded the bid results and buyers at all equipment and real estate foreclosures sales, recovered all surplus proceeds and proactively protected SBA collateral?</i>		Intensive Servicing		
81	<i>CDC enforced, or provides reasonable explanation for non-enforcement, of the TPL Agreement's 30 and 60 day notice provisions?</i>		Intensive Servicing		