

If you are unsure if the business is in an eligible area (under 50,000 in population), you can confirm the site eligibility by visiting <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>, and inputting their address and zip code. It is very clear what is/is not eligible.

If the application is for guarantee of a loan of more than \$1,000,000 **and** the project will create 50 or more new jobs you will need to advise RD immediately, as a special form must be completed which can take up to 60 days to acquire a response to.

A complete application consists of the application forms and supporting information as identified on the application form. The total package consists of:

1. A completed Form 4279-1, "Application for Loan Guarantee (Business and Industry)". *Part A of the Application is completed by the applicant. Part B is completed by the lender.*
2. Form RD 1940-20, "Request for Environmental Information," and attachments, unless the project is categorically excluded under Agency environmental regulations. *Contact Rural Development to find out what level of environmental review will be required. Additional information may be requested to allow the Agency to complete the environmental review. Items that typically may be required include floodplain maps, State and Federal wetlands maps, review by the State Historical Preservation Office (SHPO), determination of prime or important farmlands, determination of impact on endangered plant or animal species, and results of State SEQR review, if conducted.*
3. A personal credit report from an acceptable credit reporting company for a proprietor (owner), each partner, officer, director, key employee, and stockholder owning 20 percent or more interest in the applicant, except for those corporations listed on a major stock exchange. Credit reports are not required for elected and appointed officials when the applicant is a public body.
4. Intergovernmental consultation comments in accordance with *RD Instruction 1940-J and 7 CFR*, part 3015, subpart V. See enclosed list.
5. Appraisals, accompanied by a copy of the appropriate environmental site assessment, if available.

The appraisal must be a self contained appraisal report and must be in compliance with the current edition of the *Uniform Standards of Professional Appraisal Practice (USPAP)*. The current edition of USPAP is available on line at:

<http://commerce.appraisalfoundation.org/html/uspap2008/index.htm>

or

http://www.appraisalfoundation.org/s_appraisal/secasp?CID=3&DID=3

All three approaches: cost, market and income must be considered and addressed. External and functional obsolescence must be properly considered and addressed. All substantial assumptions and adjustments (10% and over) must have market derived support and analysis. The engaged (contracted) appraiser must be a New York State Certified General Appraiser and have experience in appraising the type or class of property represented by the subject. The

engaged appraiser must inspect the subject property and comparables, and must sign the report and be totally accountable for it. (Agency approval in the form of a Conditional Commitment may be issued subject to receipt of adequate appraisals.)

6. For all businesses, a current (not more than 90 days old) balance sheet, a pro forma balance sheet at startup, and projected balance sheets, income and expense statements, and cash flow statements for the next 2 years. Projections should be supported by a list of assumptions showing the basis for the projections.
7. Lender's complete written analysis, including spreadsheets of the balance sheets and income statements for the 3 previous years (for existing businesses), pro forma balance sheet at startup, and 2 years projected yearend balance sheets and income statements, with appropriate ratios and comparisons with industrial standards (such as Dun & Bradstreet or Robert Morris Associates). All data must be shown in total dollars and also in common size form, obtained by expressing all balance sheet items as a percentage of assets and all income and expense items as a percentage of sales. The lender's credit analysis must address the borrower's management, repayment ability including a cash-flow analysis, history of debt repayment, necessity of any debt refinancing, and the credit reports of the borrower, its principals, and any parent, affiliate, or subsidiary.
8. Commercial credit reports obtained by the lender on the borrower and any parent, affiliate, and subsidiary firms.
9. Current personal and corporate financial statements of any guarantors.
10. A proposed Loan Agreement or a sample Loan Agreement with an attached list of the proposed Loan Agreement provisions. The Loan Agreement must be executed by the lender and borrower before the Agency issues a Loan Note Guarantee. The following requirements must be addressed in the Loan Agreement:
 - Prohibition against assuming liabilities or obligations of others.
 - Restriction on dividend payment
 - Limitation on the purchase or sale of equipment and fixed assets.
 - Limitation on compensation of officers and owners.
 - Minimum working capital or current ratio requirement.
 - Maximum debt-to-net worth ratio.
 - Restrictions concerning consolidations, mergers, or other circumstances.
 - Limitations on selling the business without the concurrence of the lender.
 - Repayment and amortization of the loan.
 - List of collateral and lien priority for the loan including a list of persons and corporations guaranteeing the loan with a schedule for providing the lender with personal and corporate financial statements. Financial statements on the corporate and personal guarantors must be updated at least annually.

Applications for Business & Industry Loan Guarantees

- Type and frequency of financial statements to be required for the duration of the loan.
 - The final Loan Agreement between the lender and borrower will contain any additional requirements imposed by the Agency in its Conditional Commitment.
 - A section *within the Loan Agreement will be established at this time* for the later insertion of any necessary measures by the borrower to avoid or reduce adverse environmental impacts from this proposal's construction or operation. Such measures, if necessary, will be determined by the Agency through the completion of the environmental review process.
11. A business plan, which includes, at a minimum, a description of the business and project, management experience, products and services, proposed use of funds, availability of labor, raw materials and supplies, and the names of any corporate parent, affiliates, and subsidiaries with a description of the relationship. Any or all of these requirements may be omitted if the information is included in a feasibility study.
 12. Independent feasibility study, if required. *Feasibility studies are usually required on new businesses and existing businesses if the business is being substantially changed or the historical statements do not support the ability of the company to repay the proposed debt. Contact Rural Development to determine if a feasibility study will be required for your project.*
 13. For companies listed on a major stock exchange or subject to the Securities and Exchange Commission regulations, a copy of SEC Form 10-K, "Annual Report Pursuant to sections 13 or 15D of the Act of 1934."
 14. For health care facilities, a certificate of need, if required by statute.
 15. A certification by the lender that it has completed a comprehensive analysis of the proposal, the applicant is eligible, the loan is for authorized purposes, and there is reasonable assurance of repayment ability based on the borrower's history, projections and equity, and the collateral to be obtained. *This certification is included as part of the application form.*
 16. Any additional information required by the Agency.
 17. If you have been working with a Business Program Specialist while originating this loan, feel free to forward your completed package directly to them. If not, then please forward to:

**Mr. David Schermerhorn
USDA Rural Development
The Galleries of Syracuse
441 S. Salina St. Suite 357, 5th floor
Syracuse, New York 13202-2425**

Applications for Business & Industry Loan Guarantees

Our system is now looking for additional information on both the applicant and lender. Please complete the following categories as necessary –

| Borrower Information | |
|---|--|
| Cell Phone # | |
| Email | |
| Fax # | |
| Average hourly wage of all employees | |
| Congressional District | |
| DUNS # * | |
| | |

* A DUNS # can be obtained here: <http://fedgov.dnb.com/webform>

| Lender Information | |
|-------------------------------|--|
| Cell Phone # | |
| Email | |
| Fax # | |
| Congressional District | |

Key Members (anyone with 20% or more interest in business) please provide for each:

| Name | Tax ID or SS# | Address | Phone # | Ethnicity |
|------|---------------|---------|---------|-----------|
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