B&I LOAN GUARANTEE APPLICATION CHECKLIST

(Loan Amounts Greater than $600,000)

**Applications:** Applications will be filed with the Agency by submitting the following information. Applications from a Certified Lender are only required to include items 1, 3, 4, 5, 9 and 12 (all other items listed must be available in the lender’s file for review).

Procedure reference: RD Instruction 4279.43(g) (pages 13-15) and 4279.161(b) (pages 23-26)

1. Form 4279-1, "Application for Loan Guarantee (Business and Industry)".

2. Form 4279-1 (Part C), “Project Summary - B&I," with the originating Loan Specialist’s recommendation completed and executed. \*\*Completed by Rural Development staff.

3. Form RD 1940-20, "Request for Environmental Information," and attachments, unless the project is categorically excluded under Agency environmental regulations.

4. Forms AD-3030, “Representations Regarding Felony Conviction and Tax Delinquent Status for Corporate Applicants” if the borrower is a corporation. The lender must also complete this form.

5. Form 4279-2, “Certification of Non-Relocation and Market Capacity Information Report,” if the proposed loan is in excess of $1 million *and* will increase direct employment by more than 50 employees.

6. 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.

7. Appraisals, accompanied by a copy of the appropriate environmental site assessment (if available) and the lender’s technical review of the appraisal. Real Estate Appraisals must be completed by an Illinois Certified General Real Estate Appraiser. (Agency approval in the form of a Conditional Commitment may be issued subject to receipt of adequate appraisals.)

8. 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.

9. Lender's complete written analysis, including spreadsheets of the balance sheets and income statements for the previous 3 years (for existing businesses), pro forma balance sheet at startup, and 2 years projected year-end balance sheets and income statements, with appropriate ratios and comparisons with industrial standards (such as Dun & Bradstreet or RMA). 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 discussion of the credit reports of the borrower, its principals, and any parent, affiliate, or subsidiary. The analysis should address the risk rating assigned to the subject loan along with an explanation of that rating. Lender’s analysis should state the loan officer’s and any loan committees’ recommendations for approval and should be signed by those individuals.

10. Commercial credit reports obtained by the lender on the borrower and any parent, affiliate, and subsidiary firms

11. Current (not more than 90 days old) personal and/or corporate financial statements of any guarantors.

12. A proposed Loan Agreement or a sample Loan Agreement with an -inclusive 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:

* + 1. Prohibition against assuming liabilities or obligations of others.
    2. Restriction on dividend payments.
    3. Limitation on the purchase or sale of equipment and fixed assets.
    4. Limitation on compensation of officers and owners.
    5. Minimum working capital or current ratio requirement.
    6. Maximum debt-to-net worth ratio.
    7. Restrictions concerning consolidations, mergers, or other circumstances.
    8. Limitations on selling the business without the concurrence of the lender.
    9. Repayment and amortization of the loan.
    10. 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.
    11. Type and frequency of financial statements to be required for the duration of the loan.
    12. The final Loan Agreement between the lender and borrower will contain any additional requirements imposed by the Agency in its Conditional Commitment.
    13. 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.

13. 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. The business plan should be signed by an authorized representative of the business.

14. Independent feasibility study, if required.

15. 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."

16. For health care facilities, a certificate of need, if required by statute.

17. Other forms and documents which will influence the review and approval of this proposed project and any additional information required by the Agency.

18. A Dun and Bradstreet Universal Numbering System (DUNS) number for the business. DUNS numbers can be obtained free of charge by calling (866) 785-0428 or online at: http://www.dnb.com/US/duns\_update