

Capital Solutions 504 Loan Application Checklist

I. Loan Application

- Loan Application

II. Business Financial Documents

- 3 Year Financial Statements
- 3 Year Federal Tax Returns
- Interim Financial Statements (Year to Date) – 60 Days or less
- Business Debt Schedule (Form Attached)
- Accounts Receivable & Accounts Payable Aging Reports
- Form 4506-T – Request for Tax Transcripts (Form)

III. Personal Documents

- Personal Financial Statement (Form Provided)
- 3 Years Personal Federal Tax Returns for owners with 20% or more ownership in applicant business
- Management Resume (Each Owner) (Form Provided)
- Credit Authorization (Each Owner) (Form Provided)

- SBA form 912 – Statement of Personal History – Complete for all principals with 20% ownership (Form)

- Form 4506-T – Request for Tax Transcripts (Form)
- Copy of Drivers License

IV. Additional Documentation (As Applicable)

- Copies of Bank Statements (3 Months)
- Copy of Sales and Purchase Agreements
- Copies of any Promissory Notes to be refinanced
- Site History (Form)
- Copy of Warranty Deed and Survey for Real Estate Transactions
- Environmental Questionnaire (Real Estate Transactions) (Form)
- Business History
- Business Plan & Projections (If Applicable) (Template Provided)
- Affiliate Information
 - 3 Year Tax Returns
 - Interim Financial Statement 60 days or less
 - Debt Schedule
- Formation Documents
- Franchise Agreements
- Copy of proposed or existing leases

Capital Solutions SBA 504 Loan Application

Applicant Company Information

Borrower Name: _____ **Current Address:** _____
Trade Name: _____
Type of Business: _____ **Future Address:** _____
Business Phone: _____
Fax Number: _____ **Rent or Own:** _____
Email Address: _____ **Contact:** _____
Contact Phone: _____

Are you presently under indictment, on parole or on probation? Yes No

If yes, please explain: _____

Have you ever been charged with, arrested, and/or convicted of any criminal offense other than a minor motor vehicle violation? Yes No

If yes, please explain: _____

Entity: Corporation: Partnership Limited Partnership
 Sole Proprietorship LLC Other _____

Number of existing employees _____ # of employees after this loan _____

How long has Business been established? _____

Estimated Project Costs

Costs/Uses of Funds - Please outline the use of funds in the space below. Be as specific as possible.

| | TOTAL COSTS | COMMENTS |
|---------------------------------|-------------|--|
| Land and Building (total costs) | | |
| New construction | + | |
| Leasehold improvements | + | |
| Machinery & equipment | + | |
| Debt repayment | + | |
| Inventory | + | |
| Working capital | + | |
| Fees | + | |
| Other | + | |
| Total Project | = | |
| Seller Financing | - | |
| Cash Injections | - | 10% to 30% or greater borrowers cash investment depending on project |
| TOTAL LOAN REQUEST | = | |

Affiliates

(Show 100% of ownership including all proprietors, partners, officers, directors and any holders of outstanding stock)

| Name/Title | % Owned | Compensation | Active? | Citizen? | Green Card? |
|------------|---------|--------------|---------|----------|-------------|
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Sources of Applicants Capital Injection and/or Equity

When purchasing Real Estate, Equipment, or other assets; between 10% to 30% or more may be required as cash injection toward the purchase. Please list the location of the funds to be used as capital / cash injection.

| Amount | Where Funds are held or Source of Equity Injection |
|----------|--|
| \$ _____ | _____ |
| \$ _____ | _____ |
| \$ _____ | _____ |

Collateral For This Loan

Please list the collateral that will be offered for this loan.

Estimated Value of Collateral \$ _____ Source of Valuation _____

Additional Information

Do any of the principals of the business have any ownership in other businesses? If yes, list under Affiliates. Yes No

Have any of the principals been arrested and/or convicted of a Felony or Misdemeanor, on parole or probation, or under Indictment? If yes, explain. Yes No

Are any applicants a party to past or pending claims, lawsuit, judgment, or tax liens? If yes, attach full description. Yes No

Have you ever applied or obtained an SBA Loan or assistance from SBA before? Yes No

Status (Loan Amount, Current Balance, Collateral):

Has any applicant filed Bankruptcy in past? Yes No
 Do applicants owe any past Taxes? Yes No

Bank Reference & Phone Number _____
 Accountant Name & Phone Number _____
 Attorney Name & Phone Number _____
 Insurance Agent & Phone Number _____

List below all business concerns in which the Applicant Company or any of the individuals listed in the ownership section above have any ownership.

| Company Name | Name, Type of Ownership | % of Ownership |
|--------------|-------------------------|----------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Brief Description of the Primary Purpose for This Loan

Please provide a brief description of your Business and the primary need and use for Funds.

I/We hereby acknowledge that the information contained in the SBA Loan Application Package, including all attachments and exhibits are true and accurate as of the stated date(s). I/We further acknowledge that the loan approval will be in writing and subject to the terms and conditions set forth in a commitment letter signed by an officer of SBA & Conventional Loan Services, LLC dba Capital Solutions and/or Foundation Capital.

Signature: _____ Date: _____

Signature: _____ Date: _____

Section 3 Stocks and Bonds (use attachments if necessary)

| Number of Shares | Name of securities | Cost | Market Value Quotation/Exch. | Date of Quote | Total Value |
|------------------|--------------------|------|------------------------------|---------------|-------------|
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Section 4 Real Estate Owned (List Each Parcel Separately. Use attachments if necessary.)

| | Property A | Property B | Property C |
|-------------------------------------|------------|------------|------------|
| Type of Property | | | |
| Address of Property | | | |
| Name and address of Title Holder | | | |
| Date Purchased | | | |
| Original Cost | | | |
| Present Market Value | | | |
| Name and Address of Mortgage Holder | | | |
| Mortgage Account Number | | | |
| Mortgage Balance | | | |
| Monthly Payment | | | |
| Status of Mortgage | | | |

Section 5 Other Personal Property and Other Assets (describe, if any is pledged as security, state name and address of lien holder amount of lien, terms of payment, and if delinquent, describe delinquency)

Section 6 Unpaid Taxes (describe in detail, as to type, to whom payable, when due, amount and to what property if any, a lien attaches)

Section 7 Other Liabilities (describe in detail)

Section 8 Life insurance Held (give face amount and cash surrender value of policies – name of insurance company and beneficiaries).

I authorize Lender to make inquiries as necessary to verify the accuracy of the statements made and to determine my credit worthiness. I certify the information contained in the Personal Financial Statement and the statements contained in the attachments are true and accurate as of the stated date(s). These statements are made for the purpose of either obtaining a loan or guaranteeing a loan. I understand FALSE statements may result in forfeiture of benefits and possible prosecution by the U.S. Attorney General (reference 18 U.S.C 1001).

Signature _____ Date _____ SSN: _____

Signature _____ Date _____ SSN: _____

Please note: The estimated average burden hours for this completion of the form is 1.5 hours per response. If you have any question or comments concerning this estimated or any other aspect of this information, please contact Chief Administrative Branch US small Business administration, Washington DC 20416 and clearance office, Paper Reduction Project (3245-0188), Office of Management and Budget. Washington, DC 20503

Business Debt Schedule

List on this schedule the details of loans, contracts, leases, notes payable, or any other payables (other than short-term accounts payable and accrued liabilities). The totals of this schedule should match the liabilities on the Business Interim Balance Sheet listed on the previous pages. Be sure to include loans that you will be paying off with this loan.

Company Name: _____ Date _____
(Same date as interim financial stmt.)

| Creditor/Lender Name & Address | Original Amount | Original Date | Current Balance | Interest Rate % | Monthly Payment | Maturity Date | Collateral |
|-----------------------------------|--------------------|------------------|--------------------|--------------------|--------------------|------------------|------------|
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Total Current Balance: * \$

Signature: _____ Date: _____

*Total must agree with balance shown on interim balance sheet.

History of Business

(Use separate attachments to answer questions, if necessary)

Nature of business: _____

Types of products and services offered / description of business activity _____

Customer profile: _____

List key customers: _____

Who are your suppliers and what are their credit sales terms? _____

How do you determine the price of your products/services? _____

How do you or will you advertise? Do you/will you offer promotions to generate sales?

List major competitors: _____

List advantages your business has or will have over its competitors: _____

Approximate distance of your competitors in relation to your current or proposed location:

Major accomplishments: _____

Future plans for growth and/or expansion: _____

How will the proposed loan benefit your company? _____

How many employees do you currently have? _____

Will the funding of this loan create new employment opportunities? If so, how? _____

How many employees will you hire? _____

Describe the type and conditions of the subject building or premises the business occupies or will occupy: _____

If the subject building is existing, are any improvements needed? Describe: _____

MANAGEMENT RESUME

(Additional forms available upon request)

Please fill in all spaces; use full first, middle and maiden names-no initials. If an item is not applicable, please indicate so. You may include additional relevant information on a separate sheet. Sign and date where indicated.

Name _____ SS# _____
First Middle Maiden Last

Date of Birth _____ Place of Birth _____

Residence Telephone () _____ Business Telephone () _____

Residence Address _____
Street City State Zip

Previous Address _____
Street City State Zip

Lived there from _____ To _____
Month and Year Month and Year

Spouse's Name _____ SS# _____
First Middle Maiden Last

Are you a U.S. Citizen? Yes No If no, give Alien Registration Number _____

Have you ever been charged with or convicted of any criminal offense other than a misdemeanor involving a motor vehicle violation? Yes No
If yes furnish details in a separate exhibit.

Are you current on all taxes? Yes No Do you have any liens/judgements Yes No

EDUCATION

College or Technical Training Name & Location Dates Attended From/To Major Degree or Certificate

MILITARY SERVICE BACKGROUND

Branch _____ From _____ To _____ Honorable Discharge _____

Rank at Discharge _____ Major assignment/accomplishment _____

WORK EXPERIENCE (List chronologically, beginning with present employment)

Company Name/Location

From _____ To _____ Title _____

Duties _____

Company Name/Location

From _____ To _____ Title _____

Duties _____

Company Name/Location

From _____ To _____ Title _____

Duties _____

MANAGEMENT RESUME

(Page 2)

- | | | |
|---|------------------------------|-----------------------------|
| 1. Are you employed by the U.S. Government | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 2. Are you involved in any claim or lawsuit? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 3. Are any of your federal, state or local taxes delinquent? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 4. Have you ever been involved in any bankruptcy or insolvency proceedings? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 5. Do you have any outstanding judgments? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 6. Have you ever had property foreclosed upon or given title or deed in lieu of Foreclosure? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 7. Have you ever requested government financing before? (Includes: SBA, FHA, VA Student Loans) | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 8. Is this loan request under consideration at any other financial institution at this time? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 9. Are you required to pay alimony or child support? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 10. If you answered "yes" to question #9 – what is the amount of annual obligation | \$ | total per year |
| 11. Are you currently delinquent with respect to any child support payments? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 12. Are you a U.S. Citizen? (If no, please complete Immigration & Naturalization Authorization Form | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

I certify that the information contained in the Management Resume is true and correct as of the date below.

Signature: _____

Date: _____

Name: _____

Maiden Name (If Applicable): _____

Current Address: _____

Previous Address: _____

Applicant Social Security Number: _____

Date of Birth: ____ / ____ / ____ Drivers License # and State of Issue _____

Applicant Authorization

_____ hereby authorizes SBA & Conventional Loan Services, LLC dba Capital Solutions (“Capital Solutions”) and/or a Community Development Company used in connection with loan transaction to access my personal credit information through Experian Business, FirstPoint Resources, or other recognized credit reporting agency.

I understand that Experian or other credit reporting agency does not guarantee the accuracy or timeliness of the information obtained from other sources and the neither Capital Solutions and/or the Community Development Company, Experian, or other credit reporting agency will be liable for any inaccuracy in the information obtained from other sources that is included in the credit report. I agree to hold Capital Solutions and/or Foundation Capital, any other Community Development Company, Experian, FirstPoint Resources, any other credit reporting agency, any affiliated companies, affiliated credit reporting bureaus, and their officers, employees and agents, harmless on account of any expense or damage arising or resulting from the accessing of my personal credit information.

I understand that all information received from Experian will be held in strictest confidence, except to the extent that disclosure to others is required by law.

I understand that a copy of this authorization will be kept on file by Capital Solutions and/or Foundation Capital or other Community Development Company in compliance with all FCRA regulations and will be available to Experian and/or FirstPoint Resources or other applicable credit reporting agency upon request for a minimum of two years subsequent to the date signed.

SIGNATURE OF APPLICANT: _____

Date: ____ / ____ / ____

SBA 504 Process Guide for Borrowers

1. Please call Capital Solutions to conceptually discuss your owner-occupied real estate and/or equipment project. We will be happy to meet with you to discuss the program and our process as we work with the lender of your choice to meet your financing needs.
2. For real estate, locate your building or construction site and negotiate a Purchase and Sale Agreement. If construction or rehabilitation is required, work with an architect or contractor to establish project costs. You will need to present the Purchase and Sale Agreement, a plan and a contractor bid or budget to verify costs and determine the loan amount. Equipment costs will also need to be verified.
3. Eligible Project Costs include: land and site acquisition, site improvements, building improvements, machinery and equipment, professional fees (architect, engineering, appraisal, and/or environmental reports).
4. Maximum SBA Loan amounts- The maximum share of a Project is limited to 40% of the total Project Cost, up to a maximum SBA loan amount which varies depending on certain economic goals.
5. New Business and Single Purpose Building: An additional 5% equity downpayment is required for either a new business or a single purpose facility. If the project involved both, then a total of 20% equity into the 504 project will be required.
6. Leasing Excess Space Policy- The borrower must initially occupy 50% of the total building space, depending upon whether or not the building is in an existing structure or new construction. Loan proceeds may not be utilized to renovate a portion of the building not immediately occupied by the borrower. This portion must be funded outside of the SBA 504 Project.
7. Real Estate Ownership- A separately established real estate holding entity referred to as an Eligible Passive Concern (EPC) and certain types of trusts are permitted to hold title to the Project real estate. In this case, the EPC is required to lease 100% of the property to the Borrower's Operating Company (OC). The operating OC will also be required to guarantee the loan.
8. Size Requirements- In order to meet SBA's definition of a small business, the borrower, together with affiliates, may not have a tangible net worth or an average net income that exceeds SBA size standards.
9. Utilization of Personal Resources- If any individual having ownership of 20% or more in the business has what SBA considers excess personal liquid assets (cash, stock, bonds), they may be required to inject some of the excess amount

into the project before becoming eligible to participate in the SBA 504 loan program. There is a tiered formula to make this determination.

10. Guarantors- Personal guarantees are required of all owners of 20% or more. Others may be required, depending on the credit situation.
11. Prior Bankruptcies/Prior Criminal Offenses/ non-US Citizens- full disclosure is required. SBA will determine eligibility on a case by case basis.
12. Capital Solutions and your lender will pre-qualify the project eligibility based upon the lender's loan policy and SBA 504 guidelines. The project needs to meet one of many job creation, community development or public goals.
13. You, Capital Solutions, and your lender will agree upon the final Project Costs & Financing Structure and a timeline based upon the Purchase and Sale Agreement closing date.
14. You complete a 504 Loan Application and Personal Resume Form as needed. Please assemble and submit all items listed on the checklist of the 504-loan application.
15. Capital Solutions and the Lender will analyze data submitted with the application and complete the SBA loan application package and forms. At this time, you will be asked to make a good faith deposit of lower of 1% of the SBA loan amount or \$2,500, to be increased to a total of 1% of the SBA loan amount upon final approval by SBA.
16. Once the application is signed and completed, the Application Package will be formally submitted for final approval. How long the process takes, from one step to the next, depends very much upon how quickly you gather, submit, and return items requested.
17. The lender orders an Appraisal based upon the timeline for the interim loan funding. You or the lender can order an Environmental Assessment. These often are in process by the time the loan goes to SBA. When received, the lender forwards copies to Capital Solutions. If the appraisal value falls short of expectations, a remedy must be negotiated between all parties involved. If there is an environmental issue, it must be remedied with SBA approval to move forward.
18. When SBA approves the loan, they will issue a Loan Authorization for your signature. Capital Solutions will schedule a meeting or conference call to review the Authorization document. Please feel free to contact us at any time during the process to review any concerns or questions you may have.

19. The lender funds the interim loan(s) consisting of both the lender portion and the SBA/Capital Solutions portion on a temporary short-term basis.
- If the project is a straight purchase, with no construction, Capital Solutions needs a copy of the settlement statement showing Borrower Injection. Capital Solutions then proceeds toward document signing and debenture funding. A Simultaneous Signing quickens this process.
 - If the project is a construction project, the lender will fund and monitor construction according to its policy. Capital Solutions will maintain contact with you and the lender throughout construction. **BE SURE TO KEEP TRACK OF ALL PAYMENTS YOU MAKE BECAUSE WE WILL NEED DETAILED VERIFICATION (SUCH AS PAID INVOICES, CANCELLED CHECKS-FRONT AND BACK) OF YOUR EQUITY INJECTION.** When the loan amount is fully disbursed and you have received a Certificate of Occupancy or an equivalent document, the SBA closing attorney will issue a checklist to you and the lender. It will request that you submit evidence of your injection and **UPDATED BUSINESS AND PERSONAL FINANCIAL STATEMENT CURRENT WITHIN 90 DAYS.** Upon final clearance by SBA, we will then proceed with funding.
20. Capital Solutions will then follow through to the debenture funding when the lender receives the debenture proceeds. You will receive a package of your loan documents, your interest rate, and your monthly payment amount within two weeks of funding.
21. Interest Rate- SBA debentures are sold and priced each month on the New York Bond Market. At the time of sale, a **FIXED** interest rate will be placed on the debenture. Pricing takes into consideration the current average market yield on outstanding marketable US obligations with comparable maturities. The effective interest rate includes the note rate plus associated servicing fees. The rate will not be set until your specific debenture is submitted for funding.
22. Prepayment- There is a prepayment premium due if you prepay the 504 loan during the first 10 years of the loan. Partial or additional payments are **NOT** permitted. SBA 504 loans may be assumed by qualified purchasers. There is a 1% assumption fee for this process.

More information on the SBA 504 program can be found at
www.sba.gov/banking

I have read and understood the above information/disclosures.

_____Date_____

Applicant



PLEASE DO NOT SEND US YOUR ORIGINAL
DOCUMENTS.

PLEASE KEEP HARD COPIES AND/OR ELECTRONIC
COPIES OF ALL INFORMATION SO THAT YOU WILL
HAVE THEM AVAILABLE TO YOU AS NEEDED AND CAN
FORWARD THEM AS NEEDED TO WHICHEVER PARTIES
YOU DESIRE.

THANK YOU!