

**CALIFORNIA SMALL BUSINESS LOAN GUARANTEE PROGRAM (SBLGP)
STATE SMALL BUSINESS CREDIT INITIATIVE (SSBCI)
BORROWER/INVESTEE USE OF PROCEEDS CERTIFICATION**

Small Business Borrower Legal Name:

Your loan is being enrolled in the IBank Small Business Loan Guarantee Program. You are the "Borrower". By signing this document you certify to the following:

1. Borrower is a "Small Business" as defined in part 121 of chapter 1 of title 13 of the Code of Federal Regulations as amended
2. Borrower obtained a loan in which the funds are for business use in the State of California.
3. Borrower's business and its affiliates have 750 employees or less.
4. The maximum loan amount is \$20,000,000 and the maximum guarantee is \$2,500,000 per borrower.

When your loan guarantee is related to Federal support these assurances, reference Section 3006(f)(2) and Section 3011(c)(2) of the Small Business Jobs Act of 2010, apply.

The borrower or investee hereby certifies the following to the lender or investor:

1. The loan or investment proceeds will be used for a "business purpose." Business purpose includes, but is not limited to, start-up costs, working capital, business procurement, franchise fees, equipment, inventory, as well as the purchase, construction renovation or tenant improvements of an eligible place of business that is not for passive real estate investment purposes. The definition of business purpose excludes: activities that relate to acquiring or holding passive investments, such as commercial real estate ownership and the purchase of securities; and lobbying activities, as defined in Section 3(7) of the Lobbying Disclosure Act of 1995, P.L. 104-65, as amended.
2. The loan or investment proceeds will not be used to:
 - a) repay a delinquent federal or state income taxes unless the Borrower has a payment plan in place with the relevant taxing authority; or
 - b) repay taxes held in trust or escrow, e.g. payroll or sales taxes; or
 - c) reimburse funds owed to any owner, including any equity injection or injection of capital
 - d) for the business' continuance; or
 - e) to purchase any portion of the ownership interest of any owner of the business.
3. The borrower or investee is not:
 - a) an executive officer, director, or principal shareholder of the lender; or
 - b) a member of the immediate family of an executive officer, director, or principal
 - c) a shareholder of the lenders; or
 - d) a related interest of an such executive officer, director, principal shareholder, or
 - e) a member of the immediate family.

For the purposes of these three restrictions, the terms "executive officer", "director", "principal shareholder", "immediate family", and "related interest" refer to the same relationship to a lender as the relationship described in part 215 of title 12 of the Code of Federal Regulations, or any successor to such part.

1. The borrower or investee is not:
 - a) a business engaged in speculative activities that develop profits from fluctuations in price rather than through normal course of trade, such as wildcatting for oil and dealing in commodities futures, unless those activities are incidental to the regular activities of the business and part of a legitimate risk

Instructions:

This certification must be executed prior to or at the time of closing of the loan guarantee transaction. Use additional signature pages as needed. A copy of it must be provided to IBank, and the original must be kept by the FDC as part of the loan guarantee file.

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management strategy to guard against price fluctuations related to the regular activities of the business; or

- b) a business that earns more than half of its annual net revenue from lending activities; unless the business is a non-bank or non-bank holding company Community Development Financial Institutions; or
- c) a business engaged in pyramid sales, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants; or
- d) a business engaged in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted. (Included in these activities is the production, servicing, or distribution of otherwise legal products that are to be used in connection with an illegal activity, such as selling drug paraphernalia or operating a motel that knowingly permits illegal prostitution); or
- e) a business engaged in gambling enterprises, unless the business earns less than 33% of its annual net revenue from lottery sales.

Authorized Signatory

Print Name & Title

Date

For Eligible Passive Real Estate Investment Loans Only:

Eligible Passive Company (EPC) Name

Operating Company (OC) Name

Authorized Signatory

Authorized Signatory

Print Name & Title

Print Name & Title

Date

Date

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