

SSBCI SBLGP Checklist: This is not a required FDC document. You may use it as a GUIDE or TRAINING tool

In order to be compliant with SSBCI Guidelines and adhere to the best practices of the SSBCI National Standards for Compliance and Oversight, this checklist will be utilized and kept as part of the documentation for all Loan Guarantees using SSBCI support.

- Conditional Approval Request (CAR) document complete**
 - FDC Name: FDC has current contract on file
 - Name of Lender: If CDFI, are they authorized to conduct business with FDC
 - Guarantee Amount Requested: If \$1 million or over, must have peer review
 - Guarantee % Requested; cannot exceed 80%
 - Term: Loan term is not limited, however; guarantee cannot exceed 7 years
 - Eligible Use of Proceeds: The loan proceeds must be used for a “business purpose.” A 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, 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.
 - Refinances: Follow the checklist on the CAR.

- Certifications:**

The financial institution and each borrowing entity must sign. If there is a signer that is not a party to the business, yet is signing, co-signing, or guaranteeing the loan, they must also sign the sex offender certification.

 - Lender signed the Sex Offender and Use of Proceeds Certification with language matching the most current Appendix B of the SSBCI National Standards.
 - Borrower/Business signed the Sex Offender Certification with language matching the most current Appendix B of the SSBCI National Standards.
 - Borrower/Business signed the Use of Proceeds Certification with language matching the most current Appendix A of the SSBCI National Standards.

- Credit Memo Reviewed**
 - The loan amount and guarantee amount match the CAR.
 - The loan amount is not in excess of \$20 million
 - The number of employees in the small business is not in excess of 750
 - Lender must have at least 20% of their own capital at risk.

- Use of Proceeds**

The use of proceeds is compliant with the signed Use of Proceeds Certification and are not for the following prohibited uses:

Acquisition of a business

Enrolled in another government program

Equity injection

Lender lending to parties that are a conflict of interest

Lobbying activities

New Market Tax Credits related transactions

Non-compliant Refinance

Passive real estate

Pay taxes in trust or escrow (e.g., sales tax, payroll tax)

Purchase of Goodwill

Purchase of securities

Purchase portion of ownership

Reimburse owner

Repay income taxes

The guaranteed or unguaranteed portion of an SBA loan

To cure same lender bad debt

- The borrower/business is not a business engaged in the following activities: *A Lender (except a CDFI), commodities purchasing, gambling or lottery sales, illegal activities, Pyramid sales, or Wildcatting for oil.*

These lists are not exhaustive. If there is any question as to the compliance of the use of proceeds or business activity, U.S. Treasury will be consulted for guidance.

- If transaction is a qualified **Passive Real Estate Transaction** (Holding Company and Operating Company); refer to SSBCI Post Award #6 to verify compliance, and
 - If Proceeds are for new construction, Borrower must occupy at least 60% (lease agreement required),
 - For acquisition, renovation or reconstruction of an existing building, a Borrower must occupy at least 51% of the building (lease agreement required.)
- **It is NOT Passive Real Estate** when a Borrower owns an entire building, they must be able to document that they occupy at least 51% the building (No lease needed, but appraisal or Credit Memo indicating.)
- **It is NOT Passive Real Estate** when a Borrower is not an Owner, but leases part of a building (no documentation required.)
- If this loan is in conjunction with another government agency loan, it cannot be for the same or similar purpose. (SSBCI Post award #13)
- This loan cannot be supported by more than one SSBCI program.
- If this loan is for a religious organization the use of proceeds cannot be for a loan or investment used by the religious establishment for the purposes of directly supporting, assisting, or furthering an explicitly religious purpose, including, but not limited to, worship, religious instruction, or proselytization.
- **CAR signed by Dan Apodaca or Teveia Barnes and returned to FDC**
 - Once the above checklist items have been cleared, the CAR can be approved, signed and returned to the FDC.

BORROWER NAME

FDC:

LOAN #:

This checklist was completed by: (Signature) _____ (Date) _____

This document is to remain with the loan file

Additional tools

Small Business Jobs Act [http://www.treasury.gov/resource-center/sb-programs/Documents/Small%20Business%20Jobs%20Act%20of%202010%20\(the%20Act\).pdf](http://www.treasury.gov/resource-center/sb-programs/Documents/Small%20Business%20Jobs%20Act%20of%202010%20(the%20Act).pdf)

SSBCI FAQ's <http://www.treasury.gov/resource-center/sb-programs/Documents/All%20SSBCI%20FAQs%20as%20of%2010.30.2014%20FINAL.pdf>

SSBCI Guidelines <http://www.treasury.gov/resource-center/sb-programs/Documents/Policy%20Guidelines.pdf>

SSBCI National Standards for Compliance and Oversight <http://www.treasury.gov/resource-center/sb-programs/Documents/SSBCI%20National%20Compliance%20Standards%206.20.2014%20FINAL.pdf>

A complete set of documents required of each Financial Development Corporations (FDC) for all loans guaranteed with SSBCI fund include:

1. Conditional Approval Request
2. Lender Write-up
3. FDC Write-up
4. Lender Certifications (Use of Funds; and Sex Offender Certifications)
5. Borrower Use of Funds Certifications
6. Borrower and Guarantor Sex Offender Certifications
7. Emails & Clarifications page
8. Promissory Note
9. Lender's Disbursement Request and Authorization
10. Commitment Letter
11. Guarantee Agreement
12. Default Procedures
13. Loan Committee Minutes
14. Board Minutes
15. Peer Review Minutes (only if guarantee is \$1,000,000 or more)
16. Borrower Lease Agreement (only if use of loan proceeds include tenant improvements; or if transaction is a qualified "passive real estate transaction")
17. Emails and Clarification Documents (If any.)

Material documents not listed may include Workout Plans between the FDC and the Lender; Loan balance information; notices; security documents filed by lender; appraisal reports; borrower's financial and related statements; and credit reports.