



SAN FERNANDO VALLEY FINANCIAL DEVELOPMENT CORPORATION

LOAN GUARANTEE PROGRAM CHECKLIST

IDENTIFY LOAN GUARANTEE PROSPECTS

1. New and existing borrowers are eligible.
 - Maximum guarantee amount is **\$350,000** up to 90% of the transaction. Amortization period may be up to 25 years with a maximum maturity period of 7 years. All small businesses, as defined by the SBA, are eligible.
 - Proceeds may be used for any standard business purposes, such as expansion, working capital, debt refinance and equipment acquisition.
 - Loan guarantee fee is 2% of the guarantee amount plus a \$250 documentation fee at closing.
2. Likely reasons for a loan guarantee structure.
 - Leverage at an unacceptable level for the bank.
 - Lack of adequate secondary source of repayment.
 - Up to 100% financing of new and used equipment including installation.
 - Business acquisition.
 - Non-conforming advance rate on accounts receivable, inventory, or equipment finance.
 - Finance tenant improvements.
 - Refinance debt from another lender to assist the bank in perfecting a first UCC-1 filing.
 - Limited length of time in business.
3. SFV - FDC underwriting criteria.
 - Minimum operating history of 12 months. Business must be operating in California.
 - Positive trends in sales and earnings.
 - Profitability from normal operations in the latest 12 months on a cumulative basis.
 - Positive tangible net worth. Exceptions granted for business acquisitions due to goodwill.
 - Debt service coverage of 1.2:1 for term loans.

PRESCREEN APPLICANT WITH SFV - FDC BY TELEPHONE

1. **Vladimir Victorio, (818) 834-9860.** Discuss use of proceeds, financial performance and reason the bank is requesting a loan guarantee.
2. Fax (818) 897-8007 a financial spreadsheet (FAST, FAMAS, etc.) reflecting historical periods, latest available interim, and a forecast for twelve months if available.
3. Discuss SFV – FDC loan guarantee amount.

BANK PREPARES REGULAR CREDIT MEMORANDUM

1. Approve loan subject to the loan guarantee from SFV - FDC. Include the bank's reason for requesting a loan guarantee.
2. Forward bank credit memorandum to SFV – FDC and the following information:
 - Complete Business Loan Application with applicant signature.
 - Bank or applicant forwards financial projections for the next 12 months including income statement and balance sheet and a narrative outlining the assumptions for the projected increase in sales, projected gross profit margins, projected operating expenses.
 - Financial statements: The latest three fiscal years (if available) plus the most current interim (preferably within the last 60 days).
 - Accounts receivable and accounts payable aging reports that reconcile to the latest interim, plus any accounts receivable audits.
 - Three years of signed federal tax returns for applicant.
 - For guarantors: personal financial statements, three years of signed federal tax returns and most current credit reports.

SFV - FDC COMPLETES UNDERWRITING PROCESS AND APPROVES FACILITY

1. SFV - FDC interviews applicant and prepares a Loan Guarantee Write-Up.
2. SFV - FDC presents the loan to the Loan Guarantee Committee for approval.
3. SFV - FDC will issue the bank Guarantee documents.

LOAN CLOSING

1. All conditions including execution of Guarantee documents must be met at loan closing.



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FINANCIAL DEVELOPMENT CORPORATION**

California Loan Guarantee Program

Lender Application Checklist

- Approved credit memorandum from Lender
- Completed and signed Application from Lender
- Signed Credit Authorization from Lender
- Signed Certification of Financial Statements from Lender
- Business Tax Returns for the last three (3) years.
- Business Financial Statements for the last three (3) years (accountant prepared).
- Interim Financial (within the last three (3) months).
- Signed Personal Financial Statement (within the last three (3) months) from Lender
- Personal Tax Returns for the last three (3) years for all owners with at least a 10% interest in the company.
- Projected monthly Profit and Loss Statement for remainder of current year and annually for the following three (3) years (include assumptions).
- Schedule of Outstanding Business Debt.
- Copy of Mortgage or Lease
- Accounts receivable and accounts payables aging reports

Note: All tax returns and financial statements must be signed and dated.