

***Preliminary Due Diligence Checklist***  
Credit Line or Guidance Facility Loan Documentation

This ***Preliminary Due Diligence Checklist*** outlines the general documentation requirements for a loan submission package for a commercial line of credit or guidance facility. ***Preliminary Due Diligence Checklists*** for other transactions (including SBA credit line applications) are available on our website or by request.

The ***Checklist*** includes only the information necessary to initiate discussions with the lender and reach a preliminary consensus on rates and terms (i.e. to get a lending commitment from the lender). Additional documentation may be required during the underwriting period and at closing. We have anticipated the most obvious of these, but many requirements are idiosyncratic to the lender, the project or your financial situation.

***Project Information***

- Project description: describe the intended use of the funds, equipment that will be obtained with the funds, and use of equipment in the context of your business. Include
  - Photographs (if available), renderings of equipment and its placement within the facility or outbuildings
  - Installation strategy, and timing
  - Plans for building improvements with detailed list of amenities
- Identify the manufacturer, installer and principal subcontractors and (where possible) provide supporting financial, insurance data and history of parties.
- Copies of agreements executed among parties. (An invoice or contract evidencing an option, purchase offer or ownership.)

***Borrower's Information***

- Legal Name and DBA
- Street address, including zone or zip code, for primary location
- Telephone number and name of primary contact
- Fax number for primary contact
- E-mail s of primary contact
- Primary Borrower's vitae or resume and/or narrative biography.
- All other project participant(s) vitae or resumes and/or narrative biography. Include:
- All persons or entities who will own 20% or more of the interests in the project,
- Primary operating personnel or contractors, and guarantors
- Anticipated participation options (if any)

***Loan request***

- Requested amount,
- Requested terms,
- Anticipated interest rate,
- Amortization period,

***Financial Data***

- Full set (three years or from inception of entity if shorter) of income tax returns for the Primary Borrower, guarantors and participant(s) with 20% or more interest in the project
- Net Worth Statement (Personal Balance Sheet) and supporting detail for each principal who holds a 20% or greater interest in the borrower.
- Full set (three years or from inception of entity if shorter) of financial statements and income tax returns for all entities in which the Primary Borrower, guarantor, other principal(s) have an interest of 20% or more
- Pro forma operating statements for the property.
- Appraisal from lender-approved appraiser, including all comparables and detached schedule of rates charged by competitors
- Detailed cost breakdowns, including:
  - Land acquisition costs
  - Land development costs
  - Demolition costs
  - Direct or hard costs (with breakdowns) for excavation, grading, foundation, masonry, steel work, drywall or plastering, HVAC, plumbing, electrical, elevator, and other mechanical items, any special finish-out or fixtures
  - Indirect or soft costs, including architects, engineering fees, legal fees, property taxes, interest-construction period, development fees, insurance and bonding fees, estimated contingency reserve, anticipated permanent loan requirements
  - Equipment acquisition and installation cost
- Executed agreements, commitments, or letters of intent from clients who will benefit from the installation of the equipment.

***Government and Regulatory Information***

- Proof and copies of zoning status, variances, conditional use permit(s), and local business permits, as required
- Certificates of occupancy, building, fire, safety, and health inspections
- Itemization of *Ad valorem* property taxes, method of payment, date of payment, and reappraisal date

***Legal Documentation of the Entity or Purchaser***

- Name and state of formation of the legal entity applying for the loan
- Evidence of incorporation, partnership agreement, certificate of limited liability company, etc. showing state seal
- Copy of by-laws, operating agreement, or similar documents
- Copy of placement memorandum or other securities related documents, if applicable
- Certificates of qualification for the state of incorporation and all states in which entity operates (Statement of Good Standing or Statement of Information)
- Resolution authorizing acquisition of property and debt
- Resolution or *jurat* authorizing and accepting guarantor responsibilities from all guarantors
- Subordination agreements, if applicable

***Steven Roy Management Agreements***

- Non-disclosure and/or non-compete agreement
- Commission/Fee agreement and payment schedule
- Waiver and release to perform credit check and title search