

**ELIGIBILITY QUESTIONNAIRE**

Applicant Name \_\_\_\_\_  
 Lender Name \_\_\_\_\_

This questionnaire is designed to identify those small business applicants that meet SBA’s general eligibility criteria.

The Lender is required to complete this form after the Applicant and Lender have reviewed the statements below and made a determination, based on the information received from the Applicant as to the accuracy of the response.

In some cases, the only choice is “True” because otherwise the loan request would be ineligible. If you cannot answer “True” in those cases, do not submit the loan request. In other cases, a choice between “True” and “False” has been provided. In those cases where “False” is chosen, the Lender will be required to provide additional information to SBA as part of the application in order for SBA to determine whether the Applicant is eligible.

After completing the form, the Lender and Applicant are required to sign the form certifying to the correctness of the information that has been provided.

SOP 50 10 (which includes SBA’s policy on eligibility issues) as well as any applicable notices are available at [www.sba.gov/aboutsba/sbaprograms/elending](http://www.sba.gov/aboutsba/sbaprograms/elending). If the Lender has specific questions on an eligibility issue, once the Lender has reviewed the entire form, contact your local district office or the Standard 7(a) Loan Guaranty Processing Center at 916-735-1960 or at [7aquestions@sba.gov](mailto:7aquestions@sba.gov) for guidance.

*(Final eligibility determinations for these loans are made by SBA, not the lender. SBA reserves the right to review the lender’s documents relating to these statements at any time.)*

The Small Business Applicant

True    False

- The business does not (or will not) discriminate with respect to goods, services, or accommodations offered based on race, color, religion, sex, marital status, handicap or national origin of a person or fail or refuse to accept a person on a nonsegregated basis as a customer. True  False
- Neither the small business nor any owner of the small business has an affiliate.\* True  False
- Applicant has fewer than 100 employees, and revenues averaged over the previous 3 years do not exceed \$6.5 million per year. True  False
- Applicant has not previously applied for any guaranteed financial assistance from SBA. True  False
- Applicant has never received any financial assistance from the Federal Government (either direct or guaranteed) that has resulted or will result in a loss to the Federal Government. True  False
- Applicant is not presently seeking (or the applicant has not obtained within the last 90 days) additional financing, through the same or different lender, secured with any of the business collateral including real estate occupied or to be occupied by the business. True  False
- Applicant small business is the proposed borrower. True  False
- Applicant is not a franchisee or, if the Applicant is a franchisee, the franchise is on SBA’s franchise registry. (Registry is located at [www.franchiseregistry.com](http://www.franchiseregistry.com)) True  False
- Applicant is not an Eligible Passive Company. (Eligible Passive Company is an entity (or trust) which does not engage in regular and continuous business activity and which leases real or personal property to an Operating Company for use in the Operating Company’s business.) True  False

\*Affiliate *(Businesses are affiliated if one has the power to control the other or a third party has the power to control both.)*

Owners and Guarantors of the Small Business Applicant

- All principals of the Applicant are U.S. citizens. True  False
- All owners of 20 percent or more of the Applicant will guaranty the loan. True  False
- All proprietors (if a proprietorship); partners (if a partnership); or officers, directors, and holders of 20 percent or more of the stock (if a corporation or limited liability company) answered “no” to all questions in section D5.IV on Form 2301, Part A. True  False
- No principal of the Applicant has received any financial assistance from the Federal Government that has resulted or may result in a loss to the Federal Government. True  False
- No principal of the Applicant has been a principal of another business that previously applied for SBA financial assistance. True  False

Personal Resources Test for each Principal of the Applicant

SBA may not provide financial assistance to an applicant able to obtain reasonable, non-federal financing, and the amount of any SBA-guaranteed loan must be reduced by the amount of any excess liquid assets of the principals of the applicant.

Personal Resource Test: Liquid Assets of the principal minus the Exemption amount equals Excess Liquid Assets.

“Principals” are sole proprietors, general partners and owners of a 20 percent or more interest (this includes the combined ownership interest held by a spouse and/or dependent children) in the applicant.

“Liquid Assets” are cash and cash equivalents, including savings accounts, CDs, marketable securities, the cash value of life insurance and similar assets. Qualified retirement accounts such as IRAs, Keogh, 529s or 401k plans are **NOT** liquid assets.

“Excess Liquid Assets”—The amount by which each principal’s liquid assets (including the assets of spouses and children) exceed the amount indicated below. The SBA loan must be reduced accordingly and the excess must be injected into the project prior to any disbursement.

Exemption Formula: If the total financing package (SBA loans, owner’s injection and any other financing) is:

- \$250,000 or less, the exemption is the greater of 2X total financing package or \$100,000.
- \$250,001 to \$500,000, the exemption is the greater of 1.5X total financing package or \$500,000.
- Over \$500,000, the exemption is 1 x total financing package up to \$750,000.

Each Principal of the applicant meets the personal resource test. True  False

Use of Proceeds

Requested loan will not:

- be used to refinance any existing (same or other) lender debt. True  False
- finance the sale or purchase of a business. True  False
- finance any real estate that will include rental space. True  False
- be used to build in a coastal barrier resource system. True  False
- be used to affect a property included or eligible to be included in the National Register of Historic Places. True  False

Requested loan will not be used for any of the following: True

- to repay delinquent IRS withholding taxes, sales taxes or similar taxes
- to provide or refinance funds used for payments, distributions, or loans to Associates\*\* of the Applicant
- to provide funds for the relocation of the business resulting in serious unemployment in its present location or result in the nullification of a union contract.
- to provide funds that result in community improvements, such as curbs and sidewalks, in excess of 5 percent of construction proceeds of this loan.

Type of Business

Applicant is none of the types of businesses listed below. True

- a non-profit business.
- primarily engaged in lending.
- a passive business (such as a shopping center development) that holds real and/or personal property from which it receives rental income and does not provide sufficient services so as to be considered active.
- a life insurance company (life insurance agents, however, may be eligible).
- located in a foreign country.
- a pyramid sale distribution plan.
- deriving more than one-third of gross annual revenue from legal gambling activities.
- engaged in any illegal activity.
- requires membership and limits the number of memberships for reasons other than capacity .
- a government-owned entity (a business owned or controlled by a Native American tribe is eligible if the business is a legal entity separate from the tribe).
- principally engaged in teaching, instructing, counseling, or indoctrinating religion or religious beliefs, whether in a religious or secular setting.
- a consumer or marketing cooperative.
- a loan packager earning more than 1/3 of its gross annual revenue from packaging SBA loans.

(“Type of Business” continued on next page)

- a business which presents live performances of a prurient sexual nature or derives more than a de minimis gross revenue from the sale of products or services, or the presentation of any depictions or displays, of a prurient sexual nature. (“De minimis” means that the business derives such a small portion of its revenue from the specified activity or activities that it has no significant impact on its operations.)
- a business that is primarily engaged in political or lobbying activities.
- a speculative business
- a motel, trailer park (RV park), campground or similar type of business unless the applicant derives 50% or more of its gross annual income from transients who stay for 30 days or less at a time.

**Applicant is not:**

- an agricultural enterprise.
- a medical facility or residential care facility.
- a mining operation.

True  False   
 True  False   
 True  False

**Conflict of Interest**

*SBA may not provide financial assistance to an applicant where there is any appearance of a conflict of interest on the part of SBA or the Lender.*

- No SBA employee, the employee’s close relative or a member of the employee’s household is an employee, officer, director, attorney, agent, creditor or debtor, or has a financial interest in the Applicant. True
- No former SBA employee separated from SBA for less than one year is an employee, officer, director, attorney, agent, creditor or debtor, or has a financial interest in the Applicant. True
- No individual currently involved in a Small Business Development Center program, the individual's close relative or a member of the individual’s household is an employee, officer, director, attorney, agent, creditor or debtor, or has a financial interest in the Applicant True
- No member of Congress or an appointed official or employee of the legislative or judicial branch (or a close relative or household member of such an individual) is a sole proprietor, general partner, officer, director, employee, attorney, agent, creditor or debtor, or has a financial interest in the Applicant. True
- No member or employee of a Small Business Advisory Council or a SCORE volunteer (or a close relative or household member of such an individual) is a sole proprietor, general partner, officer, director, employee, attorney, agent, creditor or debtor, or has a financial interest in the Applicant. True
- No employee of a community organization such as a certified development company or microlender (or a close relative or household member of such an individual) is a sole proprietor, general partner, officer, director, employee, attorney, agent, creditor or debtor, or has a financial interest in the Applicant. True
- No community organization or its officers or its directors have a significant financial interest in the Applicant unless the organization has been inactive in packaging SBA loans for at least two years prior to the application date. True
- No Lender or Associate\*\* of Lender has a real or apparent conflict of interest with Applicant, any of Applicant's Associates, or any of the close relatives of Applicant's Associates. True
- No Lender or Associate or close relative of an associate of the lender has a significant direct or indirect financial or other interest in the applicant, or has had such an interest within 6 months prior to the date of the application. True
- No Associate of a Lender is incarcerated, on parole, or on probation or is a convicted felon or has an adverse final civil judgment (in a case involving fraud, breach of trust, or other conduct) that would cause the public to question the Lender’s business integrity. True
- No Lender or any Associate of Lender has accepted funding from a source that restricts, prioritizes, or conditions the types of small businesses that Lender may assist under an SBA program or that imposes any conditions or requirements upon recipients of SBA assistance inconsistent with SBA’s loan programs or regulations. True
- None of the Loan proceeds will directly or indirectly finance purchase of real estate, personal property or services from Lender or an Associate of Lender. True
- Neither the Applicant, an Associate of Applicant, close relative or household member of an Associate of Applicant is required to invest in Lender. True
- None of the proceeds of the loan will be used to acquire space in project for which lender has issued a real estate forward commitment. True

(\*\*Associate of a Lender is an officer, director, key employee, or holder of 20 percent or more of the value of the Lender’s stock or debt instruments. An Associate of a small business is an officer, director, owner of more than 20 percent of the equity, or key employee.)

Certifications

**Applicant's Certification:**

**I certify that I have reviewed all of the responses on this Questionnaire and that all responses are accurate, to the best of my knowledge. I acknowledge that false statements can result in criminal prosecution as stated in section D5 – VI on Form 2301, Part A.**

Applicant Signature: \_\_\_\_\_

Date \_\_\_\_\_

Name and Title: \_\_\_\_\_

If Corporation, attested by: \_\_\_\_\_

Signature of Corporate Secretary

**Lender's Certification:**

**I certify that I have accurately and correctly completed this Questionnaire on behalf of the Lender, to the best of my knowledge, based upon information received from the Applicant, and that I have exercised due diligence to obtain true and correct information.**

Lender Signature: \_\_\_\_\_

Date \_\_\_\_\_

Name and Title: \_\_\_\_\_

NOTE: According to the Paperwork Reduction Act, you are not required to respond to this collection of information unless it displays a currently valid OMB Control Number. The estimated burden for completing this form, including time for reviewing instructions, gathering data needed, and completing and reviewing the form is 1 hour per response. Comments or questions on the burden estimates should be sent to U.S. Small Business Administration, Chief, AIB, 409 3rd St., SW, Washington DC 20416. **PLEASE DO NOT SEND FORMS TO THIS ADDRESS.**