

CHANGE IN OWNERSHIP ADDENDUM (Addendum F)

SBA 7a loans can be used to finance a change in ownership of an existing business, subject to the requirements listed below. Complete each item below. If "No" is checked, the loan may not be eligible.

- The change will promote the sound development or preserve the existence of the Applicant business. YES ___ NO ___
 - The change is an arm's-length transaction supported by a determination of value. The loan file is well documented regarding the valuation and includes the substantiating analysis. If the valuation analysis is performed by the lender's loan officer, a synopsis of the analysis is attached. If buyer and seller are close family members or the loan exceeds \$250,000, an independent valuation from a qualified source is attached. YES ___ NO ___
 - If the loan is more than \$250,000, and the business ownership has been transferred previously within 36 months of the date of the loan application, there are two appraisals of the business real estate, the second of which may be either a "review" of the first appraisal by another appraiser selected directly by the lender or, if the first appraisal was requested by the lender, a site visit by a senior member of lender's staff. YES ___ NO ___
 - the lender has verified the historical profit and loss statements of the business for the last three years, which generally will be done by verifying the tax returns. YES ___ NO ___
 - the lender has exercised prudent lending practices to ensure that commercially reasonable steps are taken to limit risk of loss on this loan. YES ___ NO ___
 - Change in ownership is either:
 - a) purchase of 100% interest of the business or YES ___ NO ___
 - b) business is purchasing 100% of one or more of its owners' interests. YES ___ NO ___
 - Seller is not remaining as an officer, director, stockholder or employee of the business. Seller may perform consultant services for a period not to exceed 12 months, including any extensions, if a transitional period is needed. YES ___ NO ___
 - Goodwill: Is the amount of the purchase price attributed to good will 50% or less of the loan amount and less than or equal to \$250,000? YES ___ NO ___
- If No, do you want to request a waiver of this policy? YES ___ NO ___

If Yes, complete the Change of Ownership Additional Submission Requirements.
(located on the LGPC's website under forms library, unnumbered forms)
<http://www.sba.gov/aboutsba/sbaprograms/elending/lgpc/forms/index.html>