

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY

SSBCI Capital Access Program

BORROWER'S CERTIFICATIONS

These assurances reference Section 3005(e)(7) and Section 3011(c)(2) of the Small Business Jobs Act of 2010.

Legal name of borrower: _____ EIN _____

The Borrower hereby certifies the following:

1. The Borrower is an entity with 250 or less employees in Virginia and fewer than 750 employees overall;
2. The loan proceeds will 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.
3. The loan proceeds will not be used to:
 - a. Eliminate the bank's requirement for collateral or the principal's personal guaranty, or
 - b. Finance passive real estate investment, purchase of residential housing, real estate construction or development, or
 - c. Refinance a Lender's existing debt, except that if there is additional debt added to the refinance amount, the additional principal is eligible for CCP, or
 - d. Repay delinquent federal or state income taxes unless the Borrower has a payment plan in place with the relevant taxing authority; or repay taxes held in trust or escrow, e.g. payroll or sales taxes; or
 - e. Reimburse funds owed to any owner, including any equity injection or injection of capital for the business' continuance; or
 - f. To purchase any portion of the ownership interest in the Borrower; or to purchase any portion of the ownership interest in any company, including 100% interest; or
 - g. To purchase goodwill, or
 - h. To finance the unguaranteed portion of SBA-guaranteed loans or other federally guaranteed loans.
 - i. To provide financing to a religious establishment unless the proceeds of the loan are used only for a "business purpose." A "business purpose" does not include an explicitly religious purpose, and the proceeds of the loan to a religious establishment may not be used for the purposes of supporting, assisting, or furthering an explicitly religious purpose, including, but not limited to, worship, religious instruction, or proselytization.
4. The Borrower is not:
 - a. An executive officer, director, or principal shareholder of the Lender; or

- b. A member of the immediate family of an executive officer, director, or principal shareholder of the Lenders; or
- c. A related interest of such executive officer, director, principal shareholder, or member of the immediate family.

For the purposes of these three Borrower restrictions, the terms “executive officer”, “director”, “principal shareholder”, “immediate family”, and “related interest” refer to the same relationship to a Lender as the relationship described in part 215 of title 12 of the Code of Federal Regulations, or any successor to such part.

- d. A business engaged in speculative activities that develop profits from fluctuations in price rather than through normal course of trade, such as wildcatting for oil and dealing in commodities futures, unless those activities are incidental to the regular activities of the business and part of a legitimate risk management strategy to guard against price fluctuations related to the regular activities of the business; or
 - e. A business that earns more than half of its annual net revenue from lending activities; unless the business is a non-bank or non-bank holding company certified as a Community Development Financial Institution; or
 - f. A business engaged in pyramid sales, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants; or
 - g. A business engaged in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted. (Included in these activities is the production, servicing, or distribution of otherwise legal products that are to be used in connection with an illegal activity, such as selling drug paraphernalia or operating a motel that knowingly permits illegal prostitution); or
 - h. A business engaged in gambling enterprises, unless the business earns less than 33% of its annual net revenue from lottery sales.
5. The Borrower is a corporation, partnership, joint venture, sole proprietorship, cooperative, or other entity (including a state-designated charitable, religious or other non-profit or eleemosynary institution or faith-based organization), which is authorized to conduct business in the Applicable State, and has secured or made application for all applicable licenses or permits needed to conduct its business.
6. The Borrower authorizes the Lender to report to the VSBFA certain loan information as the VSBFA may reasonably require.

The **SSBCI National Standards for Compliance and Oversight** issued by the U.S. Treasury requires that states must obtain a sex offender certification that covers each Principal¹.

No principal of the borrowing entity has been convicted of a sex offense against a minor (as such terms are defined in section 111 of the Sex Offender Registration and Notification Act (42 U.S.C. 16911)). National Registry is at <http://www.nsopw.gov/Core/Portal.aspx>. For the purposes of this certification, “principal” is defined as “if a sole proprietorship, the proprietor; if a partnership, each managing partner and each partner who is a natural person and holds a 20% or more ownership interest in the partnership; and if a corporation, limited liability company, association or a development company, each director, each of the five most highly compensated executives or officers of the entity, and each natural person who is a direct or indirect holder of 20% or more of the ownership stock or stock equivalent of the entity.”

Does the Borrower, including any parent or subsidiary or affiliated entity, in Virginia have 250 or fewer employees?

Yes No Current # _____

OR have less than \$10,000,000 in annual gross revenues over each of the last three (3) fiscal years?

Yes No

OR have less than \$2,000,000 in net worth? Yes No

OWNERSHIP (%): Male Female **VETERAN STATUS**: Veteran Non-Veteran

RACE: American Indian or Alaska Native Asian Black or African-American
Native Hawaiian or Pacific Islander White

ETHNICITY Hispanic or Latino Yes No

Primary Business Activity: _____ NAICS _____

Annual Sales in Last Fiscal Year: _____ Year Business Established: _____

Total Full Time Employees (*2 half time employees equals 1 full time employee*): _____

Estimated Jobs Created by this Loan over next 3 years: _____

Estimated Jobs Retained by this Loan over next 3 years: _____

Legal Name of Guarantor(s) _____

Name _____ of

Borrower(s): _____

Authorized Signature: _____ Title: _____

Printed Name: _____ Date: _____

¹ "Principal" is defined (a) for a sole proprietorship, as the proprietor; (b) for a partnership, as each partner; and (c) for a corporation, limited liability company, association or a development company, as each director, each of the five most highly compensated executives, officers, or employees, and each direct or indirect holder of 20% or more of the ownership of stock or stock equivalent of the entity.