

Borrower:

Date:

**PRELIMINARY UNOFFICIAL CLOSING CHECKLIST**

This preliminary unofficial closing checklist purpose is to provide you, the borrower, with a list of items that will likely be required before closing can be scheduled and to give you a head start in gathering the closing documents. This unofficial list does not include all requirements, as the closer will review your file to determine the official list.

**CORPORATE DOCUMENTATION**

**Entity Name:**

- \_\_\_\_\_ Filed Articles of Incorporation
- \_\_\_\_\_ Corporate By-Laws
- \_\_\_\_\_ Secretary's Certificate (*form*)
- \_\_\_\_\_ Letter from IRS evidencing Tax ID Number
- \_\_\_\_\_ Assumed Name/DBA registration filed with Secretary of State or application

**PARTNERSHIP DOCUMENTATION**

**Entity Name:**

- \_\_\_\_\_ Partnership Agreement(s)
- \_\_\_\_\_ Assumed Name/DBA registration filed with Secretary of State or application

**LLC DOCUMENTATION**

**Entity Name:**

- \_\_\_\_\_ LLC Operating Agreement
- \_\_\_\_\_ LLC - Filed Articles of Organization
- \_\_\_\_\_ Certificate of Members (*form closer*)
- \_\_\_\_\_ Assumed Name/DBA registration filed with Secretary of State or application

**401K ROLLOVER USED FOR INJECTION**

\_\_\_\_\_ Submit a letter from attorney representing the Trust stating: a) Application has been made to IRS for a determination that structure of Trust will conform to IRS ERISA standards; b) in attorney opinion, the submitted application to IRS will comply with requirements of ERISA regulations; c) upon receipt of final determination from IRS, \_\_\_\_\_ trustee agrees to provide lender with a copy of this determination; d) evidence that 401k and all individual owners of borrowing entity have purchased their respective shares at a proportionate price.

**TRUST AS BORROWER OR CORPORATE GUARANTOR:**

- \_\_\_\_\_ Trust Agreement
- \_\_\_\_\_ Executed Certification of Trustee (form)

**CONDOMINIUM DOCUMENTATION**

From the Condominium Association (association can email direct to your BDO :

- \_\_\_\_\_ Declaration
- \_\_\_\_\_ By-Laws
- \_\_\_\_\_ Paid Assessment Letter
- \_\_\_\_\_ Waiver of Right of First Refusal (if applicable)

**INSURANCE DOCUMENTATION**

*(All insurance policies must contain specific language. Exhibit A to this checklist lays out required Insurance for loans and exact language required.*

**LIFE INSURANCE**

\_\_\_\_\_ **Original** copy of Life Insurance Policy (insurance company can email copy to your BDO. Life Insurance must have a term equal to or greater than the term of your loan, issued on the following individual and amounts:

\_\_\_\_\_ \$0.00 on life of \_\_\_\_\_

\_\_\_\_\_ \$0.00 on life of \_\_\_\_\_

\_\_\_\_\_ Copy of Assignment of Life Insurance Policy to First Chatham Bank, ISAOA for above listed individual. **Each assignment must be filed and recorded in home office of life insurance company.**

\_\_\_\_\_ Copy of a completed Verification of Life Insurance form for above listed individual. **Verification of Life Insurance must be completed by home office of life insurance company or an agent who has authority to sign on behalf of insurance company.**

\_\_\_\_\_ If life insurance policy is a new policy, provide documentation that premiums have been paid for a minimum of one year OR if policy is an existing policy, confirmation is needed to show premiums have been paid for a minimum of three months from closing date OR on auto draft.

**GENERAL LIABILITY**

\_\_\_\_\_ General Liability Insurance in amount of \$1,000,000 with an aggregate of \$2,000,000 and with an insurance company satisfactory to First Chatham Bank (required on both EPC and OC)

\_\_\_\_\_ General Liability Insurance on vacant land located at \_\_\_\_\_ with an insurance company satisfactory to First Chatham Bank. **(REMOVE if no vacant land)**

**WORKMAN'S COMPENSATION**

\_\_\_\_\_ Workmen's Comp Insurance for

**REAL ESTATE HAZARD**

\_\_\_\_\_ Real Estate Hazard Insurance in amount of full replacement costs for property located at: **Insert Collateral Address (If vacant land no Real Estate Hazard Insurance is required.)**

**BUSINESS PERSONAL PROPERTY**

\_\_\_\_\_ Business Personal Property Insurance for Relationship Master Name

Borrower:

Date:

**DRAM SHOP (serving Liquor) HOST LIQUOR LIABILITY (selling of Liquor)**

\_\_\_\_\_ DRAM Shop Insurance (serving liquor) and Host Liquor Liability (selling of liquor) in amount of \$1,000,000.00 with an insurance company satisfactory to First Chatham Bank for Relationship Master Name

**MALPRACTICE**

\_\_\_\_\_ Malpractice Insurance in an amount acceptable to First Chatham Bank and with an insurance company acceptable to First Chatham Bank.

**DISABILITY**

\_\_\_\_\_ Assignment of Disability Insurance in an amount sufficient to provide at least **80%** coverage of estimated monthly debt service payments and with an insurance company acceptable to First Chatham Bank.

\_\_\_\_\_ Assignment of Disability Insurance in an amount sufficient to provide at least 100% coverage of estimated monthly debt service payments and with an insurance company acceptable to First Chatham Bank.

**BUSINESS INTERRUPTION**

\_\_\_\_\_ Business Interruption insurance in form and substance satisfactory to Lender

**PURCHASE COMMERCIAL REAL ESTATE**

For a commercial real estate transaction provide following:

\_\_\_\_\_ Receipt of fully executed purchase agreement, including any/all attachment and/or exhibits, with a fixed purchase price of **\$0.00**.

\_\_\_\_\_ Draft Deed from seller

**STOCK PURCHASE**

For a stock purchase provide following, which will be executed at closing:

\_\_\_\_\_ Receipt of fully executed purchase agreement, including any/all attachment and/or exhibits, with a fixed purchase price of **\$0.00**

\_\_\_\_\_ If a corporation, copies of stock certificates that are being sold (front and back) with originals to be brought to closing.

\_\_\_\_\_ If a corporation, copy of next available stock certificate.

\_\_\_\_\_ Resignations as officer or director (if corporation) or as member or manager (if LLC) or as partner (if a partnership) from each Seller.

\_\_\_\_\_ If a corporation, resolution from company appointing new officers and directors and stating there are no outstanding options, warrants or calls.

\_\_\_\_\_ If an LLC or partnership, a modification of operating agreement or partnership agreement indicating new members or partners.

\_\_\_\_\_ Certification from Seller that there are no existing or pending claims, suits, taxes and seller waives any and all claims against the corporation.

\_\_\_\_\_ Assignment of stock/membership interest/partnership interest from seller to buyer (*drafts to be provided prior to closing; must be signed at closing*)

**ASSET PURCHASE**

For an asset purchase provide drafts of following which will be executed at closing:

\_\_\_\_\_ Receipt of fully executed purchase agreement, including any/all attachment and/or exhibits, with a fixed purchase price of **\$0.00**

\_\_\_\_\_ Copies of seller's corporate resolutions authorizing the sale of assets by company.

\_\_\_\_\_ Copy of Bill of Sale itemizing assets being acquired.

\_\_\_\_\_ Copy of documents transferring trade name, liquor license, assumed liabilities, etc as applicable.

\_\_\_\_\_ Payoff Letter from existing lien holders including a per diem payoff amount and authorization for First Chatham Bank to terminate any related UCC filings.

**The purchase price allocation must be consistent with the company's balance sheet.**

\_\_\_\_\_ Agreement must include a non-compete clause acceptable to First Chatham Bank.

\_\_\_\_\_ Current non-compete term in not acceptable.

\_\_\_\_\_ Term of non-compete agreement is yet to be approved by a Bank Credit Officer in relation to loan term.

**SELLER OR OFFICER NOTE**

\_\_\_\_\_ Seller or Officer Note in the amount of **\$0.00**

\_\_\_\_\_ Standby Agreement(s) / SBA Form 155 (Form): standby and subordination agreement will be required in reference to above Seller OR Officer note(s) with following repayment abilities and/or restrictions:

**Principal or interest payments allowed if SBA loan is current.**

**OR**

**No Principal or interest payments to be made during the term of SBA loan.**

**OR**

**No Principal or interest payments for 24 months. Sellers note will be on full standby for 24 months at which time borrower will be subject to review by Bank. Principal and interest payments will be allowed if company has a minimum year end DSCR of at least 1.25x and no late payments reported.**

Borrower:

Date:

**MACHINERY & EQUIPMENT**

\_\_\_\_\_ List of Machinery, Equipment and Furniture. Include Model and/or Serial Numbers for all items valued \$5,000 and above.

**LEASE**

\_\_\_\_\_ Copy of fully executed Lease for property at **Insert Business Address** Lease term, including renewal options, must be equal to the term of the loan. Annual lease requirement must not exceed **\$0.00 in first year.**

\_\_\_\_\_ If a leasehold mortgage/deed is trust is to be recorded as collateral, a Memorandum of Lease must be signed by landlord and tenant and recorded in county real estate records. If one has not already been recorded, original will need to be recorded at closing.

\_\_\_\_\_ A landlord consent agreement signed by landlord of property at **Insert Business Address** will be required for all loans with personal property collateral. (Form)

When loan proceeds are used for leasehold improvements or a substantial portion of collateral consists of leasehold improvements, fixtures, machinery, or equipment that is attached to leased real estate, following will be required:

\_\_\_\_\_ An Assignment of Lease with a term including renewal options that equals or exceeds term of loan and a requirement that lessor provide a 60-day written notice of default to lender with option to cure default.

\_\_\_\_\_ Landlord's Waiver

\_\_\_\_\_ Landlord's contribution of **\$0.00** for leasehold improvements of property located at **Insert Business Address**, to be paid via joint payee check to **Borrower's name**, and First Chatham Bank. **Check in the amount of \$0.00 will be used to pay down this loan.** An affidavit to be executed by subject landlord confirming their understanding and acceptance of tenant allowance and method of payment is also required.

\_\_\_\_\_ In the event that executed lease agreement includes a landlord leasehold reimbursement, landlord contribution must be in form of a joint check to Borrower and First Chatham Bank. Contribution will be used to reduce loan amount when received. Landlord must execute an affidavit confirming their understanding and acceptance of this requirement.

\_\_\_\_\_ A lease between **Borrower** and **Operating Company** equal to term of loan must be in writing will be subordinated to bank's mortgage/deed of trust. Borrower, as landlord, will furnish as collateral for loan an assignment of all rents paid under lease. Monthly payment required between EPC and OC may not exceed monthly payment required on subject loan. Lease will be assigned to First Chatham Bank.

\_\_\_\_\_ Subordination, Non-Disturbance and Attornment Agreement (SNDA) (required for all 3<sup>rd</sup> party tenants)

\_\_\_\_\_ Tenant Estoppel Letter (required for all 3<sup>rd</sup> party tenants)

**FRANCHISE**

\_\_\_\_\_ Copy of (Franchise of License (pick one)) Agreement for **Insert Franchisor/Licensor Name**. Under this (Franchise/License) Agreement (Franchisee/Licensee) name must be **Relationship Master Name**. If (Franchisee/Licensee) Agreement is not under borrower name obtain an assignment of Franchise Agreement to **Relationship Master Name** consented by Franchisor in writing.

\_\_\_\_\_ Agreement Relating to Business Franchise (form)

\_\_\_\_\_ For gas stations) Copy of all relevant documents required by the SBA SOP to determine the eligibility of gas station loans. Documents include, but are not limited to Title Report, Oil Company Supply Agreement, and any licensing agreement, if applicable. All documents are subject to an eligibility review by Legal Counsel.

\_\_\_\_\_ (For gas stations) Execution of SBA Indemnification Agreement

\_\_\_\_\_ Certification of Franchise Documents.

**ITEMS TO BE PURCHASE WITH LOAN PROCEEDS**

\_\_\_\_\_ Invoices for **equipment purchases** in amount of **\$0.00**. All unpaid invoices to be paid via joint payee check.

\_\_\_\_\_ Invoices for **inventory purchases** in amount of **\$0.00**. All unpaid invoices to be paid via joint payee check.

\_\_\_\_\_ Invoices for **furniture and fixture purchases** in amount of **\$0.00**. All unpaid invoices to be paid via joint payee check.

If transaction includes liens on vehicles, provide following:

\_\_\_\_\_ Copies of vehicle titles being purchased (originals required at closing)

\_\_\_\_\_ Copies of transfer documents (originals required at closing)

\_\_\_\_\_ Payoff letter for all vehicles w/ existing liens

**LIQUOR OR BEER LICENSE**

If Liquor or beer license, provide following:

\_\_\_\_\_ Copy of application for liquor license

\_\_\_\_\_ Letter from liquor board approving applicant

\_\_\_\_\_ Liquor license will be required **after closing**

**LICENSES & PERMITS**

\_\_\_\_\_ Copies of any and all business license(s) and/or permits required to operate business. (Ex: Including but not limited to health, hazardous waste, vendor, cigarette, lotto)

**REFINANCE**

Refinancing seller note after 24 months from change in ownership:

\_\_\_\_\_ Loan transcript from seller being refinanced reflecting borrowers name, amount of loan, payment due date, payment received date and payment amount. Must reflect 24 month history.

Borrower:

Date:

**Refinancing same institution debt:**

\_\_\_\_\_ Loan transcript from Lender being refinanced reflecting borrowers name, amount of loan, payment due date, payment received date and payment amount. Must reflect 36 month history. Lender is to provide a written explanation if any late payments or late charges are reflected within 36 month history.

**Refinancing all other debt:**

\_\_\_\_\_ Loan transcript from Lender being refinanced reflecting borrowers name, amount of loan, payment due date, payment received date and payment amount. Must reflect a 12 month history.

\_\_\_\_\_ Copies of payoff letters for all loans being refinanced including authorization to terminate any related UCC's as applicable.

**CASH INJECTION**

\_\_\_\_\_ Evidence of Cash Injection in the amount of **\$0.00**. Provide 2 months bank statements as source of the funds. If any of the cash injection has already been injected in to the project you can evidence this in the following format:

\_\_\_\_\_ Copies of invoices or receipts for all items,  
**AND**

\_\_\_\_\_ Corresponding anceled checks or a copy of the checks along with bank statements showing that payment cleared

\_\_\_\_\_ Provide 2 months bank statements as source of funds used for cash injection.

\_\_\_\_\_ Just prior to closing please provide a current bank statement evidencing cash available to bring to closing *balance inquiry or "screen shot" of the account is acceptable)*

**GIFT LETTER**

\_\_\_\_\_ Receipt and acceptable review of signed notarized gift letter from **Insert Name** in amount of **\$0.00**, plus three months bank statements from giftor evidencing source of gift.

**TITLE DOCUMENTATION**

\_\_\_\_\_ Title Insurance for property at **Insert Collateral Address if applicable**

\_\_\_\_\_ Inform closer if title work has already been ordered by your attorney or separate third party.

\_\_\_\_\_ Closing Protection Letter from Title Company

\_\_\_\_\_ Survey sufficient to clear any title exceptions for property at **Insert Commercial Address**

\_\_\_\_\_ Zoning letter for the property located at **Insert Commercial Address**

\_\_\_\_\_ Most recent stocks/bonds account statement, control agreement, and assignment forms from brokerage firm.

\_\_\_\_\_ Verification of real estate mortgage with \_\_\_\_\_ on the real property at **Insert Residential Address** if Applicable \_\_\_\_\_ In an amount not to exceed **\$\$0.00** and currency of mortgage. *(form)*.

\_\_\_\_\_ Updated **Business Financials**: a complete set of updated financials will be required should your most recent financial statements exceed **90 days**. **Note financial statements must also remain current within 90 days of closing** and will be subject to review by credit department. **Most recent statements are valid through \_\_\_\_\_**

\_\_\_\_\_ Updated Business Financials for **Corporate Guarantors**: complete set of updated financials will be required should most recent financial statements exceed **90 days**. **Note financial statements must also remain current within 90 days of closing** and will be subject to review by credit department. *(if applicable)*  
**Most recent statements are valid through \_\_\_\_\_**

\_\_\_\_\_ Updated **Personal/Guarantor/Affiliate Financials**: complete set of updated financials will be required should most recent financial statements exceed **90 days**. **Note financial statements must also remain current within 90 days of closing** and will be subject to review by the credit department.  
**Most recent statements are valid through \_\_\_\_\_**

**IDENTIFICATION GUARANTORS**

\_\_\_\_\_ Primary identification, provide copy of either (1) valid drivers license, (2) state issued ID card, (3) government ID card, or (4) passport.

\_\_\_\_\_ Secondary identification (1) major credit card, (2) employee ID, (3) student ID card, (4) social security card.

**ACH DEPOSIT FORM**

\_\_\_\_\_ Completed and executed ACH Withdrawal Form including voided check for borrower's business account.

**VERIFICATION OF MAILING ADDRESS**

\_\_\_\_\_ Verification of Mailing Address *(form)*

**CERTIFICATION OF DEPOSIT**

\_\_\_\_\_ Assignment of Certificate of Deposit in the amount of - \$\_\_\_\_\_ to be held by \_\_\_\_\_.

\_\_\_\_\_ If held with First Chatham Bank or any of its affiliates, borrower must complete an application (to be provided by closer)

\_\_\_\_\_ If held with an institution other than First Chatham Bank or any of its affiliates, a control agreement from issuing institution will also be required (form)

**USDA BUSINESS & INDUSTRY LOAN**

\_\_\_\_\_ Debt Schedule correlated to current interim financial statements

\_\_\_\_\_ Proforma balance sheet as of closing date prepared by accountant

Borrower:

Date:

\_\_\_\_\_ Two years projected balance sheets in common size format

\_\_\_\_\_ Two years projected income statements in common size format

\_\_\_\_\_ Cash flow projections (monthly cash flow for year 1 and quarterly for year 2)

\_\_\_\_\_ Notes and assumptions on which the projections were based

\_\_\_\_\_ Letter from CPA that statements have been prepared in accordance with GAAP and that borrower meets minimum 10% (EXISTING BUSINESS) or 20% (STARTUP BUSINESS) tangible net worth requirement.

**Construction Requirements for Construction over \$200,000:**

**GENERAL CONTRACTOR (GC)**

In order to *qualify* selected GC, GC to provide following:

\_\_\_\_\_ Contractor Questionnaire (form)

\_\_\_\_\_ Background information

\_\_\_\_\_ Organizational chart

\_\_\_\_\_ Resumes of company's key personnel involved in project i.e., estimating and sales, operations, project manager, site superintendent.

\_\_\_\_\_ Contractor License, if applicable

\_\_\_\_\_ Previous two (2) fiscal year ending and current financial statements

\_\_\_\_\_ Accounts Payable and Account Receivable and Retention Aging

\_\_\_\_\_ Previous two (2) fiscal year end tax returns

\_\_\_\_\_ Contractors Affidavit and Qualification Statement

\_\_\_\_\_ Job Status/backlog report, including project size and percentage complete

\_\_\_\_\_ Copy of Contractor's driver license

\_\_\_\_\_ Completed and signed W-9

**PLANS & CONSTRUCTION CONTRACT for loans over \$200,000**

\_\_\_\_\_ Two (2) sets of plans (C,L,A,S,M,P,E, Ancillary Structures) with Specifications and Project Manual.

\_\_\_\_\_ Copy of AIA Construction Contract along with any other contracts between the architect, construction manager and sub-contractors.

\_\_\_\_\_ Detailed construction budget

\_\_\_\_\_ Project schedule / timeline

\_\_\_\_\_ Copy of soils report, including test log data

\_\_\_\_\_ Copy of all permits required to begin construction

\_\_\_\_\_ SBA 601 form, must be executed by any/all GCs and/or sub-contractors w/ invoice greater than \$10,000

\_\_\_\_\_ If construction is ground-up or will result in a change in footprint of building, a certification from architect or local building code official stating that plans comply with "National Earthquake Hazards Reduction Program's Recommended Provisions for Development of Seismic Regulations for New Buildings." (form)

\_\_\_\_\_ Statement from Architect that plans and specs were designed in compliance with requirements of Americans With Disabilities Act

Proof of the following insurances for GC:

\_\_\_\_\_ General Liability Insurance

\_\_\_\_\_ Worker's Compensation (if applicable)

\_\_\_\_\_ Builder's Risk insurance on a completed value basis in an amount equal to full replacement cost of improvements

\_\_\_\_\_ An Initial Project Review/Feasibility will be conducted by Lender's Construction Monitoring Firm.

\_\_\_\_\_ All pre & post close project inspections will be conducted by Lender's Construction Monitoring Firm.

**For construction at or under \$200,000**

**Note construction/leasehold improvements cannot be started prior to loan closing.**

\_\_\_\_\_ Copies of invoices, bids and proposals

\_\_\_\_\_ SBA 601 form, must be executed by any/all GCs and/or sub-contractors w/ invoice greater than \$10,000

\_\_\_\_\_ If construction is ground-up or will result in a change in footprint of building, a certification from architect or local building code official stating that plans comply with "National Earthquake Hazards Reduction Program's Recommended Provisions for Development of Seismic Regulations for New Buildings." (form)

Proof of following insurances for GC:

\_\_\_\_\_ General Liability Insurance

\_\_\_\_\_ Worker's Compensation (if applicable)

\_\_\_\_\_ Evidence of Builders Risk on a completed value basis in an amount equal to full replacement cost of improvements.

\_\_\_\_\_ Copy of any and all required construction permits