

## CHANGE OF OWNERSHIP GUIDANCE – LENDER REFERENCE

To be used as a reference guide for “Demonstration Report - ABC Liquors, Inc.”

The following chart is extracted from the Small Business Administration’s (SBA) Change of Ownership Guidance form. This form is to be completed and submitted by SBA Lenders to the SBA. Reliant Business Valuation specializes in valuations for SBA Lenders, and includes this form with reports for ease of reference for the SBA Lender and its underwriters. The locations of the Information and Analysis should be verified by the Client before submitting to the SBA. Additionally, there may be more than one location in the SBA Lender’s file that may apply to each number below. It is the Lender’s responsibility to confirm the accuracy of the information presented below, and the information should be used strictly as a reference when the SBA Lender is completing the actual form.

### Change of Ownership Guidance

BA = Business Appraisal

Description of Information or Analysis	Y	N	N/A	Location
1. Explanation of the Transaction (parties, price and terms, stock/asset sale, earnout, etc.)	Y			BA- Section 3.10
2. Purchase Price and Breakdown of Source of Funds to Purchase Business				
3. Allocation of Purchase Price (per IRS requirements and Form 8594)	Y			BA- Section 3.10
4. Book Value of Acquired Tangible + Intangible Assets Less Book Value of Assumed Liabilities	Y			BA- Section 5.4
5. Documentation Describing Borrower Contribution				
6. Analysis of Seller Financing (amount, type and amount of standby provisions, etc.)	Y			BA- Section 3.10
7. Role/Compensation of Seller (training period, employment contract, incentives, etc.) During 1st Year of New Ownership	Y			BA- Section 3.10
8. Role/Compensation of Borrower During 1st Year of New Ownership				
9. Source of Buyer Funds to Support Working Capital, Capital Expenditures, etc. During First Year				
10. Evaluation of Buyer/Borrower Work/Entrepreneurial/Management/Credit Experience				
11. Lender Analysis of Historical and Projected Debt Service (based on proposed financing terms)				Reference Section 5.11 Purchase Justification Test
12. Adjustments Made to Historical Profits to Reach Cash Flow Figures (as used to assess debt service)	Y			BA- Section 4.8
13. Justification and Support for Assumed Growth Rate in Revenues/Earnings/Cash Flow During First Year	Y			BA- Section 2.1.4, 2.2.2 4.7 and 4.9
14. Was Business Appraisal compliant with USPAP and SOP50-10(5)(A)?	Y			BA- Section 1.3 and Appraiser's Certification
15. Did Business Appraiser Clarify/Support Cash Flow and Cap Rate/Multiple Determination?	Y			BA- Section 5.5 and Section 5.6