

## Liberty SBA 504 Credit Parameters

Key Areas of Assessment	Guidelines
<b>Borrower/Principal Experience</b>	
Track record of executing similar business plan	>1 Times or 3 years
Experience with business type	>4 Years
Experience in market	>4 Years
Guarantors	Principal must have cash equity in the deal
Net Worth	30% of the Loan Amount
Liquidity	5% of the Loan Amount
<b>Principal Financial Status</b>	
Borrower Credit Score	>660
Business DSCR	>1.20x
Global DSCR	>1.10x
<b>Market</b>	
Demographics	Minimum MSA populations of 50,000
<b>Commercial Properties</b>	
Acceptable Property Types	Office, Industrial, Warehouse, R&D, Retail, Medical/Dental
Restricted Property Types	Gas Stations without c-store, Restaurants. Environmental risk mitigation and third party report requirements must follow SBA SOP 50 10(f)
Implied debt yield	>11% on 1 <sup>st</sup> lien loan
Quality of asset	B or better
Age	<= 25 years or renovated
Ground Lease	Fee Simple
<b>Hospitality</b>	
Age	1985 or newer unless substantial renovation
Implied debt yield	>11% on 1 <sup>st</sup> lien loan
Property Size	Minimum of 50 rooms
Franchise	Proven national flag or boutique concept
Parking Ratio	1 space per room minimum
Management/Franchise Agreement	<ul style="list-style-type: none"> <li>▪ Related party or 3<sup>rd</sup> party management contract cancelable on 30-day notice.</li> <li>▪ At least 10 year term remaining for franchise agreement.</li> </ul>
NCF Underwriting	Must account for FF&E reserve ad management fee as % of revenue
Min. Management Fees	3% minimum
Min. FF&E Reserves	4% for properties < 10yrs old or properties undergoing substantial renovation, 5% for properties > 10yrs old
Ground Lease	Fee Simple
<b>Special-Use Properties</b>	
Acceptable Property Types	Day Care/Preschools, Vet Clinic, Restaurant/Banquet, Auto Dealership
Restricted Property Types	Swimming pools, Bowling Alleys, Car Washes
Implied debt yield	>11% on 1 <sup>st</sup> lien loan
Quality of asset	B or better
Age	<= 25 years or renovated
Ground lease	Fee Simple