RURAL NEVADA DEVELOPMENT CORPORATION

Small Business Lending Underwriting Practices



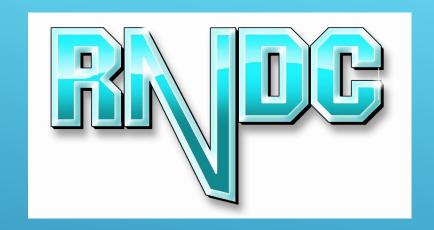
- Private non-profit in operation since 1992
- Providing Small Business Lending and Housing programs to Nevada's 14 rural counties
- Multiple government and private funding sources including EXX, USDA, SBA, Wells Fargo, Charles Schwab
- \$20,819,957 total dollars lent in Rural Nevada
- \$5,412,373 EDA dollars lent in Rural Nevada (includes revolved dollars lent back out)
- Funding start-ups, acquisitions, and expansions



Credit Analysis



- Alternative lender/lender-of-last-resort
- No minimum credit score
- Perfect credit not necessary
- Must see recent credit trending in a positive direction
- Accurate credit disclosure
- Written explanation of any derogatory reportings



Collateral Analysis



- What is the collateral being offered?
- What kind of term/payment is being requested?
- What is the value of the collateral?
- How was the value of the collateral determined?



Business Sense



- How much experience does the borrower have in the field?
- How much managerial experience does the borrower have?
- If the borrower does not have experience in both of these areas, do they have the proper staff in place who do?



Financials



- Personal Financial Statement
- 3 years of personal taxes
- 3 years of business taxes, profit and loss statements, and balance statements (if applicable)

THINGS TO WATCH FOR

- Nonpayment that can't be explained
- Discrepancies in reported income
- Overvaluation of collateral
- Liabilities omitted from Personal Financial Statement