

WORKOUT CHECKLIST FROM THE BORROWER'S PERSPECTIVE

- I. Selection of Professionals
 - A. Attorneys
 - B. Accountants
 - C. Financial Advisors
 - D. Investment Bankers
- II. Obtaining, Organizing and Reviewing Relevant Documents
 - A. Organizational Documents of Company – authority and limitations on management
 - B. Loan Documents
 - C. Leases
 - 1. Equipment Leases
 - 2. Real Property Leases
 - D. Licenses
 - 1. Intellectual Property
 - E. Other Contracts
 - 1. Employment Contracts
 - 2. Employee Benefit Contracts
 - F. Insurance Agreements
 - G. Financial Statements (Balance Sheets and Income Statements)
 - H. Tax Returns (last three years)
 - I. Depreciation Schedules
- III. Determining Lien Priorities and Title Issues
 - A. UCC Search

- B. Real Property Title Report
 - C. Corporate Entity Search
 - D. Pending Lawsuits
- IV. Asset Evaluations
- A. Real Property Appraisals
 - B. Blue/Green Book
 - C. EBITDA
 - D. Appropriate Cap Rate
- V. Cash Flow Projections
- A. Cash or Accrual Method
 - B. Cash Receipts and Disbursements
 - C. Actual vs. Forecasted
- VI. Determining Strengths and Weaknesses
- A. Lien Priority/Perfection Issues
 - B. Preferential and Fraudulent Transfer Issues
 - C. Marketability of Collateral
 - D. Value Component of Management
 - E. Downsizing
 - F. Finding an Ally
- VII. Modification and Workout Options
- A. Loan Modification
 - 1. Extension
 - 2. Compromise
 - 3. Conversion
 - B. Deed in Lieu of Foreclosure

1. Strict Foreclosure Under UCC re Personal Property
 2. Deed in Lieu re Real Property
- C. Loan Modification Agreement
 - D. Stipulated Receivership
 - E. Consideration of Risks to Guarantors and Co-Obligors
- VIII. Consideration of Bankruptcy Alternatives—Overlay for Negotiations
- A. Possible Involuntary Petition and Consequences
 - B. Cram-Down Under Chapter 11
 - C. Relief from Stay
 - D. Use of Cash Collateral
 - E. Administrative Expense
 - F. Liquidation or Reorganization