

# FINANCIAL INFORMATION AND COVENANTS RIDER

THIS FINANCIAL INFORMATION AND COVENANTS RIDER is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's \_\_\_\_\_ Note to \_\_\_\_\_ (the "Lender") of the same date and covering the Property described in the Security Instrument and located at:

\_\_\_\_\_  
[Property Address]

**FINANCIAL COVENANTS.** In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree that Borrower will prepare and maintain Borrower's financial records using consistently applied generally accepted accounting principles then in effect. Borrower will provide Lender with financial information in a form acceptable to Lender and under the following terms:

(If "X"ed the following terms are agreed to.)

\_\_\_\_ **Frequency.** Annually, Borrower will provide to Lender Borrower's financial statements, tax returns, annual internal audit reports or those prepared by independent accountants within \_\_\_\_\_ days after the close of each fiscal year. Any annual financial statements that Borrower provides will be  audited statements.  reviewed statements.  compiled statements.  Borrower will provide Lender with interim financial reports on a \_\_\_\_\_ (Monthly, Quarterly) basis, and within \_\_\_\_\_ days after the close of this business period. Interim financial statements will be  audited  reviewed  compiled statements.

\_\_\_\_ **Requested Information.** Borrower will provide Lender with any other information about Borrower's operations, financial affairs and condition within \_\_\_\_\_ days after Lender's request.

\_\_\_\_ **Leverage Ratio.** Borrower will maintain at all times a ratio of total liabilities to tangible net worth, determined under consistently applied generally accepted accounting principles, of \_\_\_\_\_ (Total Liabilities to Tangible Net Worth Ratio) or less.

\_\_\_\_ **Minimum Tangible Net Worth.** Borrower will maintain at all times a total tangible net worth, determined under consistently applied generally accepted accounting principles, of \$ \_\_\_\_\_ (Minimum Tangible Net Worth) or more. Tangible net worth is the amount by which total assets exceed total liabilities. For determining tangible net worth, total assets will exclude all intangible assets, including without limitation goodwill, patents, trademarks, trade names, copyrights, and franchises, and will also exclude any accounts receivable that do not provide for a repayment schedule.

\_\_\_\_ **Minimum Current Ratio.** Borrower will maintain at all times a ratio of current assets to current liabilities, determined under consistently applied generally accepted accounting principles, of \_\_\_\_\_ (Minimum Current Ratio) or more.

\_\_\_\_ **Minimum Working Capital.** Borrower will maintain at all times a working capital, determined under consistently applied generally accepted accounting principles by subtracting current liabilities from current assets, of \$ \_\_\_\_\_ (Minimum Working Capital) or more. For this determination, current assets exclude \_\_\_\_\_ (Excluded Current Assets.). Likewise, current liabilities include (1) all obligations payable on demand or within one year after the date on which the determination is made, and (2) final maturities and sinking fund payments required to be made within one year after the date on which the determination is made, but exclude all liabilities or obligations that Borrower may renew or extend to a date more than one year from the date of this determination.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Financial Information and Covenants Rider.

\_\_\_\_\_  
- Borrower

\_\_\_\_\_  
- Borrower

\_\_\_\_\_  
- Borrower

\_\_\_\_\_  
- Borrower