

INSTALLMENT AGREEMENT WORKSHEET

EXAMPLE

Office of Surface Mining
 Fee Accounting and Collections Team

Debtor's Name _____
 Entity # _____

1. Type of Agreement: Installment
 Settlement/Installment
 Compromise/Installment
2. Type of Debt: AML
 Civil Penalty
 Audit

3. Included Documents (check):
- | | |
|---|--|
| <u>Required</u> | <u>Addition/Optional</u> |
| <input type="checkbox"/> Last years Tax Returns | <input type="checkbox"/> DOJ Questionnaire |
| <input type="checkbox"/> Current/ Most recent Financial Statements
(Balance Sheet & Income Statement) | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Last three months bank statements | |

PART I – BACKGROUND INFORMATION

4. Any previous Installment Agreements resulting in default?.....Y N
 Or, does the debtor want to re-negotiate an existing agreement?.....Y N
 If yes to either question: Complete Part IV.
5. Have all OSM-1's been submitted by the debtor?.....Y N
 (OSM-1's **must** be submitted.)
6. Are there any audits pending?.....Y N
7. Is this payment agreement the result of a pending permit action?Y N
- 7.1 Have all outstanding debts been included in this payment agreement?..Y N
 If No, explain.

Explain:

PART II – FINANCIAL ANALYSIS

- Payment Period less than or equal to 3 months. → ***Do not need to continue.***
 Payment Period greater than 3 months. → ***Complete Parts II and III***

8. What is the total debt owed? \$

9. What is the debtor's average/current cash balance?
 Include: 3 Months Bank Statements

Acct:	
Month 1:	\$
Month 2:	\$
Month 3:	\$
Total: /3 =	\$
Avg. 3-Month Bal. =	\$

Acct:	
Month 1:	\$
Month 2:	\$
Month 3:	\$
Total: /3 =	\$
Avg. 3-Month Bal. =	\$

9.1. Can the debtor afford to pay debt with available current cash?Y N If No, continue.

10. Analyze the debtor's ability to pay. Use **Balance Sheet / Income Statement**

10.1. What is the Quick Ratio or Current Ratio (if there is sufficient info)?

Current Assets:		\$	Current Liabilities:		\$
Cash			Accounts Payable (i.e. Wages, taxes)		
Account Receivable			Notes Payable		
Inventories			Trade Payable		
Prepayments			Bank Loans		
Other			Other		
Total Current Assets		\$	Total Current Liabilities		\$
Long Term Assets:			Long Term Liabilities:		
Property, Plant, and Equip:			Notes payable		
Land, Building			Lease Obligation		
Machinery & Equipment			Bonds		
Other Assets					
Total All Assets		\$	Total All Liabilities		\$

<u>Ratio:</u>	<u>Formula:</u>	<u>Calculations:</u>	=	Coal Industry Standards
Quick	$\frac{\text{Current Assets}-\text{Inventory}}{\text{Current Liabilities}}$			0.55
Current	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$			0.89
Net Worth	$\begin{array}{r} \text{Total Assets} \quad - \quad \text{Total Liabilities} \quad = \quad \text{Net worth} \\ \$ \quad \quad \quad - \quad \$ \quad \quad \quad = \quad \$ \end{array}$			

10.2. Are the debtor's ratio below standards? Quick Ratio?... ..Y N
 Current Ratio?.....Y N

11. What is the debtor's Net Cash Flow? **Use both Balance Sheet and Income Statement**

Net Income	\$
Depreciation	+ \$
Amortization	+ \$
Net Cash Flow	= \$

11.1. What is the ratio of Net Cash Flows to OSM Debt?

Formula:	Calculations:	Ratio:	Standards:	Comments:
Debt /Net Cash Flow			T.B.D.	

11.2. Does the debtor have the ability to pay in full?... ..Y N If No, continue.

12. Does the debtor have assets that they could use to get financing? **Use Balance Sheet!**

	Equipment	Land	Real Estate	Mineral Leases	Stockpiled Coal	Other	Total =
\$ Amt of Fixed Asset							
Less Depreciation:							
Less Liabilities:							
Equals Net Assets							\$

12.1. What is the ratio between the amount owed and the net assets?

Formula	Calculations:	Ratio:	Standards:	Comments:
OSM Debt/Net Assets			T.B.D.	

12.2. Can the debtor obtain financing to pay the debt?.....Y N

Comments:

Prepared by _____

Date _____

Reviewed by _____

Date _____

Approved by _____

Date _____

FACT Team Leader

PART III – PAYMENT TERMS

DOWN PAYMENT

14. Determine the amount of a 10% Good Faith Down Payment.

% Of Debt	x	Amt of Debt	=	Down Payment

14.1. What is an affordable down payment for this particular debtor?
Why?

\$

LENGTH AND AMOUNT OF THE AGREEMENT

Attach a copy of the Lotus payment spreadsheet.

15. What is the estimated production life of the site?	
What is the length of the Installment Agreement?	
What is the Difference?	

This should be > the Installment Agreement, unless debtor Exhibits other resources.

Other Resources:

- Long-term coal contract
- Pending permits
- Other useful/productive mines.

15.1. Does the length of the agreement comply with spreadsheet figures?..Y N

16. What is the number of payments?	
What is the amount per payment?	\$
Multiplied together:	\$

\$	Total Amount of Debt.
\$	Subtract the Down Payment
\$	Agreement Amount

=

16.1. Do the terms of the agreement cover the total debt?.....Y N

Explanation:

PART IV – PREVIOUS DEFAULT

17. Considerations for accepting, revising, or amending installment agreements as a result of a default:

Check all that apply, and explain.

a. What caused the default?

- Did the company have a reduction in demand/orders for delivery?

- Was there loss of a contract?

- Was there a delay in receipt of sales proceeds?

- Was the installment schedule unrealistic?

- Was there unusual/catastrophic losses or disruption in production?

- Other:

b. How will you limit OSM's exposure/risk in case of another default?

- The debtor agrees to contemporary AML fee payments every 2 weeks, or each month, rather than quarterly. If not, Why?

The debtor agrees to have its coal broker pay OSM directly from the proceeds of coal sales handled by the broker.

The debtor agrees to make payments commensurate with its rate of production or sales, and in the same frequency as its shipment or sale of coal.

The debtor agrees to pay OSM in full upon the sale of the company or its assets.

The debtor will agree to pledge unencumbered or available assets as collateral.

The owners/controllers of the debtor's company will sign personal guaranties of payment, and agree to be liable if a default of payment.
(Quantify and list assets).

Other: _____