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):
   Required
   [ ] Last years Tax Returns
   [ ] Current/ Most recent Financial Statements
   (Balance Sheet & Income Statement)
   [ ] Last three months bank statements
   Addition/Optional
   [ ] DOJ Questionnaire
   [ ] Other_____________________

PART I – BACKGROUND INFORMATION

4. Any previous Installment Agreements resulting in default?…………….Y N
   If yes to either question:  Complete Part IV.
   Or, does the debtor want to re-negotiate an existing agreement?……….Y N

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

8. What is the total debt owed? $______________________________

9. What is the debtor’s average/current cash balance?
   Include: [ ] 3 Months Bank Statements
   Month 1: $______________________________
   Month 2: $______________________________
   Month 3: $______________________________
   Total: /3 = $______________________________
   Avg. 3-Month Bal. = $______________________________
   Month 1: $______________________________
   Month 2: $______________________________
   Month 3: $______________________________
   Total: /3 = $______________________________
   Avg. 3-Month Bal. = $______________________________

[ ] 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

Revised 10/24/00
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)?

<table>
<thead>
<tr>
<th>Current Assets:</th>
<th>$</th>
<th>Current Liabilities:</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td></td>
<td>Accounts Payable (i.e. Wages, taxes)</td>
<td></td>
</tr>
<tr>
<td>Account Receivable</td>
<td></td>
<td>Notes Payable</td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td></td>
<td>Trade Payable</td>
<td></td>
</tr>
<tr>
<td>Prepayments</td>
<td></td>
<td>Bank Loans</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

**Total Current Assets** $ $ **Total Current Liabilities** $ $ **Net Worth** $ $ 

<table>
<thead>
<tr>
<th>Ratio:</th>
<th>Formula:</th>
<th>Calculations:</th>
<th>=</th>
<th>Coal Industry Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Quick</strong></td>
<td>Current Assets-Inventory Current Liabilities</td>
<td></td>
<td></td>
<td>0.55</td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td>Current Assets Current Liabilities</td>
<td></td>
<td></td>
<td>0.89</td>
</tr>
<tr>
<td><strong>Net Worth</strong></td>
<td>Total Assets - Total Liabilities = Net worth</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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**

<table>
<thead>
<tr>
<th></th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>+ $</td>
</tr>
<tr>
<td>Amortization</td>
<td>+ $</td>
</tr>
<tr>
<td>Net Cash Flow</td>
<td>= $</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Formula:</th>
<th>Calculations:</th>
<th>Ratio:</th>
<th>Standards:</th>
<th>Comments:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt /Net Cash Flow</td>
<td>T.B.D.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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!**

<table>
<thead>
<tr>
<th></th>
<th>Equipment</th>
<th>Land</th>
<th>Real Estate</th>
<th>Mineral Leases</th>
<th>Stockpiled Coal</th>
<th>Other</th>
<th>Total =</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ Amt of Fixed Asset</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less Depreciation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equals Net Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>

Revised 10/24/00
12.1. What is the ratio between the amount owed and the net assets?

<table>
<thead>
<tr>
<th>Formula</th>
<th>Calculations:</th>
<th>Ratio:</th>
<th>Standards:</th>
<th>Comments:</th>
</tr>
</thead>
<tbody>
<tr>
<td>OSM Debt/Net Assets</td>
<td></td>
<td></td>
<td>T.B.D.</td>
<td></td>
</tr>
</tbody>
</table>

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

Comments:
13. Is the debtor depleting capital? (Not applicable for Sole Proprietors)

<table>
<thead>
<tr>
<th>$ Amounts:</th>
</tr>
</thead>
<tbody>
<tr>
<td>[ ] Making loans to shareholders/Partners</td>
</tr>
<tr>
<td>[ ] Paying excessive salaries to shareholders/officers</td>
</tr>
<tr>
<td>[ ] Paying excessive dividends</td>
</tr>
<tr>
<td>[ ] Investing in non-coal producing activities</td>
</tr>
<tr>
<td>[ ] Not retaining or reinvesting earnings</td>
</tr>
<tr>
<td>[ ] Investing less than OSM (OSM –as in unpaid AML fees)</td>
</tr>
<tr>
<td>[ ] Other:</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Continue problem only if debtor is depleting capital:

13.1. How does the amount owed compare with the debtor's equity in the company?

| Amount Owed | $ |
| Owner's equity | $ |

13.2. Is the amount owed more than equity? Y N

If yes, what is the debtor's personal ability to put up more cash in order to pay the debt?

[ ] Get Personal Tax Return  [ ] Get Individual Financial Statement or Individual DOJ Questionnaire

**Conclusion/Summary Recommendations:**
PART III – PAYMENT TERMS
DOWN PAYMENT

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

\[ \text{% Of Debt} \times \text{Amt of Debt} = \text{Down Payment} \]

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: $ 

\[ \text{Total Amount of Debt.} \]

\[ \text{Subtract the Down Payment} \]

\[ \text{Agreement Amount} \]

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:________________________________________________________