



## Background

- I am the owner and operator of an established and profitable Arizona-based small business and have been in business for over 13 years;
- I access credit via traditional bank loans from local financial institutions;
- I have what I believe is an interesting perspective and story to tell on how the financial crises has impacted my ability to access credit from these sources on the same terms despite being in good standing with all my creditors and
- Not My business is dependent on the construction or real estate industry.

I started my environmental permitting company in 1996. In 1997 I expanded to add land surveying services. In 2002 I again expanded by adding high definition 3D laser scanning to the company's list of services. The company had increased revenue every year until 2009 (see chart below), then our revenue decreased 50% from that of the 2008 (\$1.2 million in 2009 verse \$2.4 million in 2008). The company is now in a conservative growth phase with projected revenues of \$1.6 million for 2010 (included in chart below).

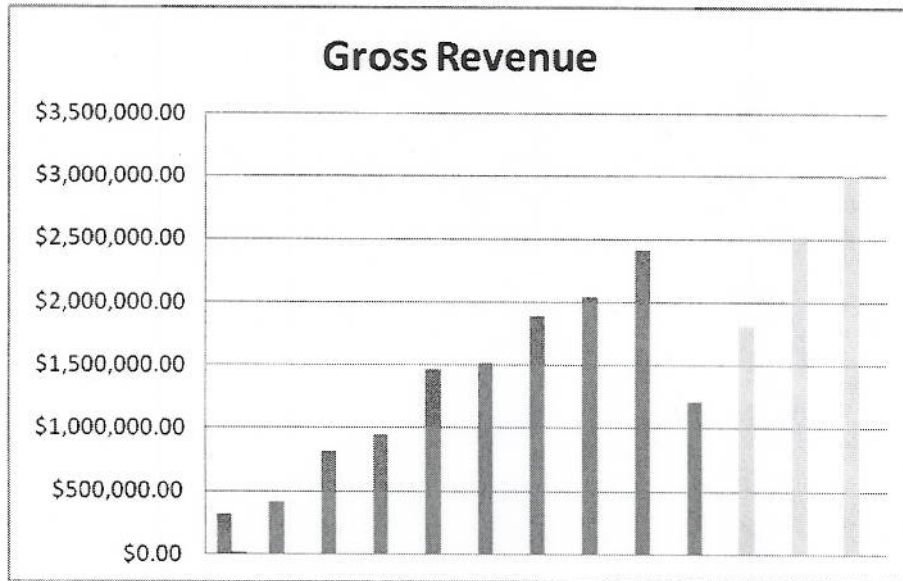


Table 1. Darling Gross Revenue Chart 2000 – 2012  
(2010 – 2012 Projected)

- Though my company had this 50% decrease in revenue between 2008 and 2009 it was impossible to decrease expenses 50% unless I declared bankruptcy. Our office rent, equipment loans, vehicle loans, vacation owed to employees, health care, professional insurance, and other critical elements remained constant or increased in 2009. We had legally binding contracts for these items.
- I hired a debt negotiator and was successful in temporarily reducing rent for 9 months, but I am now legally obligated to make up the rent reduction with higher monthly payments in the remainder of 2010.
- The debt negotiator was not successful in reducing loan payments on vehicles and his attempts to renegotiate equipment loans were insignificant.
- I could not to sell vehicles and equipment because we could not find buyers to pay the amount we owed.
- I increased debt by over 83% on our lines of credit to cover losses.

- Problems:
1. I decreased wages and benefits to employees (20% less pay when non-billable, no vacation or sick leave accrual, virtually no training or non-billable travel). We now need to hire more employees but we have a reduced benefit package and moderate wages, so we are not able to hire the qualified people we need.
  2. I increased debt and am now paying over \$4,000 per month in interest (almost twice as much as 2008, with only ½ the revenue of 2008).
  3. Any increases in interest rates will limit my ability to make the company profitable. Several loans are tied to prime interest rates and need to be paid back before inflation makes it impossible.

4. Our major credit card lenders – American Express and Chase Bank have cut our credit limits over in 33% and 75% respectively, in spite of the fact that we have a 100% perfect record of payment. (American Express reduced credit from \$81,900 in February 2009 to \$57,900 in February 2010 and Chase reduced credit from \$76,200 in February 2009 to \$19,600 in February 2010). Most of these reductions occurred in early February 2010 just before the 2010 Credit Card Act took effect.

5. Each time I pay down my American Express Business Management Card balance so our employees can travel to out of town jobs, American Express reduces my credit limit accordingly. This is happening in spite of the fact that my credit rating is 766 and I pay at least double the minimum payment before it due each month.

6 Lenders (Chase, Vantage West, CIT, and M& I Banks refused to lend to my business in 2009/2010).

Wells Fargo, Bank of the West, Compass Bank, and Bank of Arizona have all denied increased in my existing business loans.

Thus, I cannot grow except by revenues and need to include service of debt (incurred primarily in 2009).

7. We are now at the beginning of an upward business cycle where my business should get back to normal. This will require me to invest more in working capital as we build back our revenue base from \$1.2 million to \$2 plus million over the coming years. However, I had to leverage my business to survive the recession and the banks are now unwilling to lend. I need the bank's help now more than ever if I am to handle this growth. It seems counterintuitive that now, when my risk profile is greatly reduced and the outlook for my business is substantially improved, the banks don't lend. View this against the backdrop of the guarantees banks receive for SBA loans (90%) it seems even more absurd. I feel that the recession was like a hurricane and we are now in the eye of the storm. I survived the first wave of the storm and now I need to brace for the second wave.

8. My conservative business capital asset requirements for 2010 – 2011 are approximately \$500,000 as follows:

- Leica HD Scanner C10 \$120K
- Leica 6001 Scanner \$100K
- 7 licenses Cyclone Model & Register: \$120K
- Precision Target Poles \$ 20K
- ACAD Revit (2) \$10K
- ACAD MEP (2)\$ \$ 10K
- 3D Re-shaper Surfacing Software\$ \$ 15K
- 2 GPS systems \$ 80k
- Robotic Total station \$ 50k

The future of small business depends on financial institutions. Lenders need people more adept at assessing business finances. Most bankers we met with were actually very familiar with asset based lending such as the housing market. They were not familiar with EBITDA and other financial business terms. By using an accelerated depreciation rate of 50% for tax purposes our expensive state-of-the-art 3D scanning equipment, we have over \$1 million in accumulated depreciation on our balance sheet. In discussions with the majority of bankers, they used this depreciation figure as if it was a financial "loss" though it is actually only a paper loss. The scanning equipment we purchased in 2002 is still a valuable tool though it has been amortized to zero.

We are a family oriented company. In the past five years we have hired three young men that were single. All have since married, bought houses and had children. These families depend on our small business for their livelihood. The technical skills they acquired have led to their ability to work for our Nations most important industries. Their clients include Raytheon Missile Systems, Ford Motor Company, NASA, Freeport McMoRan, and National Geographic.

Our company will thrive and prosper after a low fixed interest consolidation loan and an increase in working capital.

Sincerely,

*/s/ Mary E. Darling*

Mary E. Darling  
CEO and Principal Owner  
Darling Environmental & Surveying, Ltd.

## Attachment 1 Biography Mary Darling

### **Education**

- 1984**      *Juris Doctorate, McGeorge School of Law, University of the Pacific, Sacramento, CA*
- 1980**      *MS, Biological Sciences, California State University, Sacramento, CA*
- 1977**      *BS, Biological Sciences, California State University, Sacramento, CA*

### **Experience**

Ms. Darling is responsible for all legal, financial, marketing and administrative functions of Darling Environmental & Surveying, Ltd., as well as hiring, training, mentoring, and managing staff. She oversees environmental, land surveying, and 3D scanning divisions of the company.

As environmental division manager, Ms. Darling is responsible for National Environmental Policy Act (NEPA, 22CFR216) compliance of client projects; establishing and maintaining environmental compliance tracking records; managing environmental portfolio of over 1,000 projects worth over \$2 million in funding. She served as Steering Committee Member of Pima County Sonoran Desert Conservation Plan, US Fish and Wildlife Service Cactus Ferruginous Pygmy-Owl Recovery Team Member, City of Tucson Native Plant Preservation Ordinance Advisory Team, and Southern Arizona Homebuilders Association Environmental Committee Chair. Ms. Darling prepared and approved hundreds of initial environmental examinations, environmental threshold decisions, categorical exclusions, negative determinations, negative determinations with conditions, positive determinations, scoping statements for environmental assessments and mitigations, environmental assessments, environmental management plans, environmental assessment checklists, environmental corrective action plans, and environmental statements of work. She also taught training programs, monitored and evaluated field projects, and led field trips in environmental field survey techniques.

Prior to her work at Darling, she was an environmental consultant in Reno, Nevada for 2 years. Before that she was a biologist for the US Forest Service for over 12 years.