



## **CAPITAL CERTIFIED DEVELOPMENT CORPORATION DISCLOSURE STATEMENT REGARDING SBA 504 LOAN CHARGES & REQUIREMENTS**

### **SBA SECTION 504 ASSISTANCE AGREEMENT**

The following disclosures apply to the United States Small Business Administration (SBA) 504 Loan Program. This Disclosure Statement is not intended to be all-inclusive, so please read it carefully and request additional information if there is anything you do not understand. By signing this Disclosure Statement, you acknowledge that you have read, that you understand, and that you agree to be bound by each and every provision set forth.

1. **NO REPRESENTATIONS** – Capital Certified Development Corporation (CCDC) may not and cannot ensure the success of your 504 loan application, which is subject to SBA approval and to your satisfactory compliance with the terms and conditions set forth in the SBA Authorization and Debenture Guarantee. By signing this Disclosure Statement, you acknowledge that CCDC has made no representations to you, and that you have not relied upon any representations made by CCDC, regarding the likelihood of SBA approval of your loan or the sufficiency of your qualifications to receive a loan through the SBA 504 loan program.
2. **CREDIT CRITERIA** – SBA credit criteria policies require applicant small businesses to demonstrate adequate cash flow from operations to repay debt and to provide adequate working capital and sufficient collateral. By signing this Disclosure Statement you hereby authorize CCDC and any of its affiliates to make necessary inquiries to verify information to determine creditworthiness and to disclose information about the proposed transaction to SBA, referral sources, franchisers, vendors, loan participants, and agents of both the undersigned and CCDC.
3. **GOOD FAITH DEPOSIT** – A deposit of \$2,500 will be collected prior to processing your application. A balance of 1% of the Net Debenture (with credit given for the deposit) will be considered earned, due, and payable when the Authorization for Debenture is issued by SBA upon initial approval of the loan. If you withdraw your application or CCDC/SBA declines the loan at any time or for any reason, CCDC will deduct reasonable and necessary costs incurred in processing your loan application, and any remaining deposit balance will be remitted to you within 30 business days of the withdrawal.
4. **LOAN FEES** – The Net Debenture Proceeds equals CCDC's percentage of the total project (maximum of 40%) financed by SBA/CCDC. You will pay the following loan fees on the SBA portion of the 504 loan, all of which are financed in the 504 loan:
  - a. SBA Guarantee Fee – currently 0.50% of net debenture proceeds
  - b. SBA Funding Fee – currently 0.25% of net debenture proceeds
  - c. CCDC Processing Fee – currently 1.5% of net debenture proceeds
  - d. CCDC Closing Costs - \$3,500.00
  - e. Underwriter's Fee:
    - 1) For 20-year debentures, the sum of the net debenture amount and a. through d. divided by 0.99600; round this number up to the next highest thousand; multiply this number by 0.00400.
    - 2) For 10-year debentures, the sum of the net debenture amount and a. through d. divided by 0.99625; round this number up to the next highest thousand; multiply this number by 0.00375.

**Attention:** You will have two permanent loans: (1) Third Party Lender loan and (2) SBA 504 loan. This Disclosure Statement is being provided to you as a good faith estimate of fees and rates associated with closing your SBA 504 loan. These fees are separate from any fees you pay to the participating Third Party Lender.

– **Fees to be paid by Borrower on the date of the SBA 504 loan closing:**

- **Attorney’s Fees/Document Preparation:** \$3,500
  - **Note:** You will pay this cost up front at the closing table. Approximately 30-45 days after closing, these costs will be repaid to you from your loan funds.
- **Title Insurance:** Total cost of this insurance will vary. This cost is set by Texas State Law and is based on the size of your loan. As a guideline, the following list shows current policy premiums for 2011, before any applicable discounts or endorsements:

504 Loan Amount	Estimated Title Premium
\$ 100,000	\$ 850
\$ 250,000	\$ 1,650
\$ 500,000	\$ 2,980
\$ 750,000	\$ 4,315
\$ 1,000,000	\$ 5,650
\$ 1,500,000	\$7,845

- **Note:** You will pay this cost up front at the closing table. Title Insurance costs will not be repaid to you. (Title Insurance is not required for equipment-only loans.)
- **Miscellaneous Closing Costs:** Miscellaneous costs are approximately \$500, and include any other expenses incurred in association with the SBA loan closing. These include, but are not limited to: recording fees, UCC filing fees, delivery fees, and copying fees.
  - **Note:** You will pay these costs up front at the closing table. These costs will not be repaid to you.
- **Survey:** All 504 real estate loans require “as-built” surveys. In most cases, we will get a copy from the Third Party Lender. If a copy is unavailable from the Third Party Lender, you are responsible for the cost of a new survey.
- **Effective Interest Rate:** The interest rate is not set at the time of closing. Your fixed effective interest rate will be locked-in the week prior to the loan’s SBA funding date. Any interest rate quoted to you is for illustration purposes only. The participating Third Party Lender will establish its own interest rate, which must be deemed reasonable per prevailing market rates in the area at the time of application.

5. **SERVICING, GUARANTEE, AND PARTICIPATION FEES** – You will pay the following servicing fees on the outstanding principal balance of the CDC loan, as calculated at the beginning of each 5 year interval for the life of the loan. The monthly CDC/SBA note payment amount reported to you will include these fees.

- CDC Servicing Fee – presently 1.0% per annum
- CFA Servicing Fee – presently 0.1% per annum
- Borrower’s Guarantee Fee – presently 0.9375% per annum for regular 504 loans, 1.103% for re-fi

The participating Third Party Lender will be charged a one-time participation fee equal to 50 basis points on its senior loan amount.

SBA 504 loan payments will be automatically debited each month from your bank account. A charge of \$100.00 or 5% of the late amount, whichever is greater, will be charged to the Borrower in the event that funds are insufficient on the debit date.

6. **PREPAYMENT** – Payment of the entire outstanding balance may be made prior to the maturity date, but no partial prepayments may be made. Any prepayment during the first half of the stated term must be accompanied by a prepayment premium, which will be a declining percentage of the debenture interest rate applied to the outstanding principal balance of the Note. A schedule of the dollar amount of the premium and the semi-annual payment dates will be provided to you after the funding of the 504 loan. In order to process a request for prepayment, CCDC requires written notification at least 60 days prior to the semi-annual prepayment date.

- 7. **ASSUMPTION FEE** – A fee of 1% of the outstanding principal balance of the loan will be charged by the CDC if the loan is assumed by another borrowing entity. In addition, the borrower must pay all costs and expenses incurred by CCDC and/or the SBA in connection with the assumption.
- 8. **OCCUPANCY AND LEASING REQUIREMENTS** – If purchasing/renovating an existing building, your business must occupy at least 51% for the life of the loan. If constructing a new building, your business must occupy at least 60% initially, some additional space within three years, and 80% within ten years. The remaining 20% can be permanently leased.
- 9. **JOB REQUIREMENTS** – To qualify for an SBA 504 loan, your business must create or retain one full-time job for every \$65,000 of SBA funds. For manufacturers, the requirement is one full-time job for every \$100,000 of SBA funds. These requirements may be waived if certain Public Policy Goal objectives are met.
- 10. **GUARANTEES** – SBA requires the guarantee of any person/entity owning 20% or more of either the applicant small business or the entity holding title to the real estate, regardless of the form of ownership or entity involved. Each person owning 20% or more is required to complete SBA Form 912, Statement of Personal History.
- 11. **DO-IT-YOURSELF (DIY) CONSTRUCTION PROJECTS** – Situations where the borrower and/or small business has acted as his/her own contractor have historically proven to be generally unsatisfactory and can cause considerable problems in the closing process. This will be allowed only if the applicant is a qualified building contractor. If allowed, two (2) independent construction bids must be provided for comparison purposes and the applicant contractor may not earn a profit on the job.

**THE UNDERSIGNED SMALL BUSINESS APPLICANT DOES HEREBY INDEMNIFY AND HOLD CCDC HARMLESS FROM ANY AND ALL LIABILITY FOR ANY LOSS, DAMAGE, OR INJURY (INCLUDING, WITHOUT LIMITATION, ATTORNEYS FEES INCURRED WITH ATTORNEYS OF CCDC’S CHOICE) ARISING OUT OF OR RESULTING FROM THE FAILURE BY THE SMALL BUSINESS APPLICANT TO RECEIVE OR ACCEPT THE SUBJECT LOAN.**

**READ AND AGREED TO:**

\_\_\_\_\_  
INDIVIDUAL APPLICANT SIGNATURE

\_\_\_\_\_  
PRINTED NAME AND TITLE

\_\_\_\_\_  
NAME OF SMALL BUSINESS (PRINT)

\_\_\_\_\_  
DATE

**Acknowledgement:**

Capital CDC hereby acknowledges receipt of a good faith deposit of \$ \_\_\_\_\_ as of \_\_\_\_\_ 20\_\_\_\_.

\_\_\_\_\_  
Name on Deposit Check

\_\_\_\_\_  
Check Number

\_\_\_\_\_  
CCDC Business Development Officer