

## SBA 504 Loan Deposit Agreement and Disclosure of Fees

This Agreement is between the undersigned Small Business Applicant ("Applicant") and The St. Louis Local Development Company ("LDC"), a Missouri not-for-profit corporation, which serves as a Certified Development Company ("CDC") for the United States Small Business Administration ("SBA") for the processing and servicing of SBA 504 loans.

Applicant is applying for an SBA 504 loan through LDC. LDC has agreed to process the loan application in compliance with SBA's regulations and procedures. To avoid any misunderstanding between the parties, the fees and certain procedures associated with SBA 504 loans are outlined in this Agreement. **All fees and procedures outlined in this Agreement are determined by the SBA and are subject to change by SBA without notice to Applicant.** In the event Applicant's SBA 504 loan is approved by SBA, the SBA fees applicable to Applicant's SBA 504 loan will be set forth in SBA's Terms and Conditions issued upon approval of the SBA 504 loan. Applicant will be responsible for any out-of-pocket expenses incurred by the CDC in processing the loan application.

### 1. Application Deposit

Applicant agrees to pay LDC a Deposit in the amount of \$100.00 (the "Deposit"), payable to The St. Louis Local Development Company, upon submission of the loan application to LDC. If the SBA 504 loan is declined by LDC or SBA, the deposit will be refunded within 10 days after all appeal rights have been exhausted or waived. If Applicant withdraws its loan application prior to SBA approving the loan and issuing its Terms and Conditions, LDC may deduct its reasonable and necessary costs incurred in packaging and processing the loan application and the remaining balance will be returned to Applicant within 10 business days of the withdrawal. If the SBA 504 loan is approved by both LDC and SBA and SBA issues its Loan Terms and Conditions, the Deposit will be applied to the SBA 504 Loan Processing Fee described in Section 3.

### 2. Interest Rates on Note and Debenture

The interest rates on the SBA 504 Loan Note and Debenture will not be set until the time of the Debenture sale and will be determined by market conditions existing at that time. The Debenture will not be sold to investors until all conditions required by LDC and SBA have been met.

### 3. Fees Included in the Debenture

The SBA 504 Funding Fee, the SBA Guaranty Fee, the CDC Processing Fee, the Underwriter's Fee, and Eligible Closing Costs are financed as part of the Debenture. The SBA 504 Funding Fee, the SBA Guaranty Fee, and the CDC Processing Fee are calculated based on a percentage of the Net Debenture amount (SBA's portion of the project cost). The Underwriters' Fee is calculated based on a percentage of the Gross Debenture amount (SBA's portion of the project cost plus the administrative fees included in the Debenture).

- 504 Funding Fee – A Funding Fee of one-quarter of one percent (0.2500%) of the Net Debenture will be charged to cover costs associated with marketing and selling 504 Debentures.
- SBA Guaranty Fee – A Guaranty Fee of zero percent (0.000%) of the Net Debenture will be deducted by the SBA's Central Servicing Agent and deposited into a reserve account. This fee is determined by the SBA annually.
- CDC Processing Fee – A CDC Processing Fee equal to 1.5% of the Net Debenture will be charged by LDC for processing the SBA 504 loan. Two-thirds of this fee, minus the Deposit, will be considered earned and due when SBA approves the loan and issues its Terms and Conditions outlining the requirements that must be satisfied before the loan is funded. This amount will be refunded less any expenses incurred when the loan funds. Applicant agrees to pay LDC the earned portion of the fee if the loan is withdrawn, cancelled, or terminated for any reason after SBA issues its Terms and Conditions and prior to loan funding.
- Underwriters' Fee – The Underwriters' Fee for the offering of the Certificates to Investors is four-tenths of one percent (0.4000%) of the Gross Debenture if the loan has a term of 20 or 25 years, or three hundred seventy-five thousandths of one percent (0.3750%) of the Gross Debenture if the loan has a term of 10 years.
- Eligible Closing Costs – Eligible Closing Costs up to \$10,000.00 for legal fees charged by LDC's legal counsel and other costs related to closing the loan may be paid through the Debenture. Applicant agrees to pay LDC all closing costs not financed through the Debenture, including but not limited to out-of-pocket costs incurred for title insurance, flood determination, filing and recording fees, overnight delivery, and postage. If the SBA 504 loan is cancelled for any reason after SBA issues its Terms and Conditions, Applicant agrees to pay all out-of-pocket costs incurred by LDC within 30 days of the date of the invoice.

#### Example

\$1,000,000	Net Debenture Proceeds; CDC's share of eligible 504 Project Costs
\$2,500	504 Funding Fee; 0.25%
\$0	SBA Guaranty Fee; 0.5% (not presently charged)
\$15,000	CDC Processing Fee; 1.5%
\$4,096	Underwriters' Fee; 0.4% of gross debenture
\$2,250	Estimate of Loan Closing Costs; Recording Fees; ALTA Lender's Title Policy; Endorsements
\$5,000	CDC Counsel Fee
\$28,866	Total estimated fees
\$1,029,000	Gross Debenture (rounded up to nearest 000's)

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### 4. Third Party Lender Participation Fee

SBA will collect at loan closing a one-time Third Party Lender Participation fee equal to one-half of 1% (0.50%) on the Third Party Lender's loan amount when the Third Party Lender is in a senior lien position to the SBA. This fee may be paid by the Third Party Lender or the Borrower. This fee is not considered an eligible project cost, however, and cannot be included in the Debenture or paid with the loan proceeds.

### 5. Monthly Loan Payment

Payments on the SBA 504 loan are due on the first business day of each month. The payments will be automatically debited by the SBA's Central Servicing Agent from the bank account designated by the Borrower.

### 6. Fees Included in the Monthly Payment

The monthly payment on the Note will include payment of principal and interest along with the CSA Fee, the CDC Servicing Fee, and the Ongoing SBA Guarantee Fee described below.

- **CSA Fee** – The SBA's Central Servicing Agent receives one-tenth of one percent (0.1%) per year on the outstanding balance of the Note as determined at five-year intervals at the beginning of each interval.
- **CDC Servicing Fee** – CDC receives five-eighths of one percent (0.625%) per year on the outstanding balance of the Note as determined at five-year intervals at the beginning of each interval.
- **Ongoing SBA Guarantee Fee (Annual Servicing Fee)** – The SBA receives four thousand four hundred five ten thousandths of one percent (0.331%) per year on the outstanding balance of the Note as determined at five-year intervals at the beginning of each interval. The Ongoing SBA Guarantee Fee for Debt Refinance without Expansion 504 Loans is four thousand four hundred five ten thousandths of one percent (0.356%) per year on the outstanding balance of the Note as determined at five-year intervals at the beginning of each interval. This fee is determined on the date the SBA 504 loan is approved.

#### Example

5.000%	Note Rate – CDC Borrowing Rate
0.100%	Central Servicing Agent Servicing Fee
0.625%	CDC Servicing Fee
0.331%	Approximate Ongoing Guaranty Fee
6.273%	Approximate Rate paid by Borrower (Effective Rate)

Reductions in the Borrower's monthly payment amount are made every five years as some of the fees above are calculated as a percentage of the outstanding principal balance.

### 7. Late Fee

Payments received after the 15<sup>th</sup> day of each month are subject to a late fee of 5% of the payment amount or \$100, whichever is greater. This Late Fee is in addition to the regular monthly payment. Late payments must be wired to SBA's Central Servicing Agent.

### 8. Prepayment Premium

After the loan funds, the Borrower may repay the entire outstanding loan balance prior to the maturity date, but may not make partial payments. To prepay a loan, borrower must pay the sum of:

- All principal and interest payments, servicing agent fees, and SBA guarantee fees up to and including the date of the next semi-annual debenture payment date;
- All CDC servicing fees that accrue before Borrower prepays;
- All late fees incurred before Borrower prepays;
- The balance owing on the Note as of the next semi-annual debenture payment date; and
- Any prepayment premium required under the Note and Debenture.

Debentures may be prepaid on the third Thursday of each month or on the next business day following the third Thursday if the third Thursday is a holiday.

### 9. Assumption Fee

SBA 504 loans are assumable with SBA's prior written approval. A fee of 1% of the outstanding principal balance on the may be charged if the loan is assumed by another borrower. Borrower must pay all costs incurred in connection with the assumption.

### 10. Customer Identification Program

To help the government fight the funding of terrorism and money laundering activities, Federal law requires Certified Development Companies to obtain, verify, and record information that identifies each person who applies for a SBA Loan.

What this means for you: When you apply for an SBA Loan, we will ask for your name, address, date of birth, and other information that will allows us to identify you. We may also ask for a copy of your driver's license or other identifying documents for your and/or your business.

## SBA 504 Loan Assistance Agreement and Disclosure of Fees

### 10. Governing Law

This agreement is governed by the laws of the State of Missouri.

### 11. Counterparts and Electronic Signatures

This agreement may be executed in counterparts and signed electronically.

### 12. Indemnification and Attorney Fees

Applicant agrees to indemnify and hold LDC and its officers, directors, and agents harmless from any and all liability for any loss, damage, or injury, including attorneys fees, arising out of Applicant's failure to receive an SBA 504 loan. In the event CDC institutes legal proceedings to collect the CDC Processing Fee described in this Agreement, LDC shall be entitled to reasonable attorneys' fees and the costs incurred in bringing the proceedings.

### 13. No Representations

The funding of the SBA 504 loan is subject to SBA approval and satisfactory compliance with all SBA Terms and Conditions and any other conditions imposed by SBA. By signing below, Applicant acknowledge that the CDC has made no representations to Applicant, that CDC is not Applicant's agent or representative; that the LDC has made no representations to Applicant that Applicant's loan with LDC be approved by SBA; that issuance of SBA's Terms and Conditions is not a guaranty that Applicant's loan will be funded or that Applicant's loan will fund on any particular date; and that SBA's approval of the loan may be revoked until the actual funding of the Applicant's loan.

Applicant understands that additional information may be requested in connection with this Application, as needed.

Applicant and owners of Applicant authorize the LDC and its representatives and agents, including the St. Louis Economic Development Partnership, to obtain credit reports on Applicant, its affiliates, and all persons who will be guarantors of the loan, if approved.

Applicant acknowledges that Applicant's loan must be approved by the LDC Board of Directors prior to submission of the loan package to the SBA. Applicant agrees that Applicant's name, the amount of the loan requested, the location of the Applicant's business, the name of the Third Party Lender participating in the project, and the names of those who will be guaranteeing the loan, if the loan is approved, may be disclosed and discussed at the LDC board meeting, which is open to the public.

#### SMALL BUSINESS APPLICANT

\_\_\_\_\_  
Printed Name of Company

By: \_\_\_\_\_  
Signature

Printed Name of Signer: \_\_\_\_\_

Its: \_\_\_\_\_  
Title

Date: \_\_\_\_\_

#### THE ST. LOUIS LOCAL DEVELOPMENT COMPANY

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

LDC hereby acknowledges  
receipt of Applicant's Deposit of: \_\_\_\_\_.