

## LOAN APPLICATION ASSISTANCE AGREEMENT BETWEEN THE BORROWER AND TWIN CITIES-METRO CDC

### SBA 504 DEBENTURE PRICING

SBA 504 Loan fees are financed as part of the debenture. Except for Legal Closing Costs, the fees are calculated as a percentage based on the SBA portion of the project (the net debenture amount). The fees are described as follows:

SBA 504 LOAN FEES:	PAID TO:	SAMPLE DEBENTURE (Net) \$400,000
Guaranty Fee (0.50%)	SBA	\$ 2,000
Funding Fee (0.25%)	Central Servicing Agent (CSA)	\$ 1,000
CDC Processing Fee (1.50%)	TCM	\$ 6,000
Legal Closing Costs (\$1,950)	TCM Closing & Legal Review	\$ 1,950
Underwriters Fee <sup>1</sup> (0.40%)	Varies	\$ 1,652
SUBTOTAL:		\$ 12,602
Rounded to next highest thousand (refunded to Borrower):		\$ 398
<b>TOTAL GROSS DEBENTURE:</b>		<b>\$413,000</b>

<sup>1</sup>The Underwriters fee is based on the **gross** debenture amount. The rate is 0.40% for 20- and 25-year debentures and 0.375% for 10-year debentures.

### SBA 504 INTEREST RATE

The effective interest rate on the loan will be set approximately 60 to 90 days after TCM closes the SBA 504 loan. SBA 504 interest rates are set based on the pricing of U.S. Treasuries and are set on the date of the debenture sale each month. The pricing for an SBA 504 loan may be higher or lower than initially quoted by TCM, depending on fluctuations in the market. More information on SBA 504 loan pricing can be found at the Eagle Compliance LLC website (<https://eaglecompliance504.com/>).

### CDC PROCESSING FEE

A CDC processing fee of 1.5% is included in the debenture pricing and TCM receives this fee at the time of SBA funding. Two thirds of this fee is considered earned when the 504 Terms and Conditions Document is issued by SBA. If for any reason the Borrower cancels or fails to satisfy the requirements of the Terms and Conditions Document, Borrower will be obligated to pay TCM 1% of the SBA net debenture.

### SERVICING FEES

Servicing fees are reflected in the effective interest rate and included in the monthly payment amount. These servicing fees are distributed to three entities: SBA (0.209%) – except for manufacturers, TCM (0.625%) and the CSA (0.1%). At inception, these servicing fees are based on the total loan amount (gross debenture); the fees are then reduced at each five-year interval, at which time they are based on the new outstanding loan balance.

### LENDER PARTICIPATION FEE

This fee is equal to one-half percent (0.5%) of the principal amount of the senior mortgage and/or lien associated with the 504 Loan and shall be submitted to TCM at the lender's closing. The Lender Participation Fee will be withheld from TCM's CDC Processing Fee at the time of First Mortgage Lender's funding. If for any reason the Borrower cancels or fails to satisfy the requirements of the Terms and Conditions Document, these funds will be applied toward the earned portion of the CDC Processing Fee.

### PREPAYMENT PREMIUM

The Borrower may repay the entire outstanding loan balance prior to the maturity date but may not make partial prepayments. If the Borrower prepays, there will be a prepayment premium due in the first 5 years of a 10-year debenture and the first 10 years of a 20- or 25-year debenture. This premium is equivalent to one year's interest in the first year of the loan term, declining to zero at the end of the prepayment period. A schedule of the precise dollar amounts of the premium for each loan is provided after the sale of the Debenture.

**By signing this agreement, Borrower certifies that they have read, understood, and agree to its provisions.**

By \_\_\_\_\_  
Borrower Signature

Date \_\_\_\_\_