



SBA 504 Loan Program

CDC Borrower Guide



The loan in which you are seeking, an [SBA 504 loan](#), is a government loan program and requires very specific details and documents for the Application Submission and Closing package.

Being that the process of obtaining an SBA loan can be cumbersome, Certified Development Corporation (CDC) assists the Bank (Third Party Lender-TPL) with the process of completing the SBA 504 application and will collect information from the beginning of the application process through to the closing.

The timing of each step depends on the responsiveness of the Borrower, Third Party Lender, and/or Attorney to provide the necessary information needed to complete each step.



FOUR STEP APPLICATION PROCESS

1

APPLICATION TO CDC FOR ELIGIBILITY AND CREDIT APPROVAL

- » TPL & Borrower to provide all items outlined on the Application Package.
- » Upon receipt of required items, CDC will review the loan request, analyze the personal and business credit worthiness and, if acceptable, will prepare for CDC Loan Approval by Committee.

2

PREPARING FOR SBA SUBMISSION AND APPROVAL

- » Borrower & TPL to provide a complete package to CDC based on the checklist provided with the Term Sheet.
- » Upon receipt of required documents, CDC will prepare the package for SBA Submission and review.
- » If SBA has no questions or concerns, they will issue a Terms and Conditions Approval.

3

PREPARING FOR CLOSING THE BANK PERMANENT LOAN AND INTERIM LOAN

- » Once Approved by SBA, the borrower coordinates with the TPL and closing attorney to close the Bank Interim Loan for the construction/disbursement period.
- » The TPL will disburse all loan proceeds until the project is completed and Borrower obtains a Certificate of Occupancy.

4

PREPARING FOR SBA 504 LOAN CLOSING

- » Once the TPL loan is fully funded, CDC will review all project costs, and proof of funding to verify proceeds were used for eligible costs.
- » The borrower and their attorney will work together to gather all remaining items requested from CDC and CDC's Closing Attorney.
- » CDC's attorney will review and mark complete/acceptable those checklist items received.
- » If additional information or corrections are needed, CDC's attorney will request changes from Borrower and/or Borrower's attorney.
- » Once a complete package is obtained, a closing date will be scheduled.



STEP
1

MINIMUM REQUIRED DOCUMENTS FOR CDC APPLICATION

BUSINESS

FINANCIALS: NEW BUSINESS

- » Business Plan
- » Projections – include minimum two years with first year being month to month.

FINANCIALS: EXISTING BUSINESS

- » 3 years business tax returns
- » Current Year to Date Balance Sheet and Income Statement (P&L)
- » Business Debt Schedule

OTHER DOCUMENTS

- » Legal Name Filing – Articles or Organization and EIN Letter from IRS
- » If Franchise – provide Franchise Agreement and Franchise Disclosure Document (FDD)

PROJECT DOCUMENTS

- » Current/Proposed Lease Agreement or Letter of Intent, if any
- » Proposed Purchase Agreement, if any
- » Proposed Construction Contract or Letter of Intent with line-item Budget
- » Copies of Invoices/Quote for all Furniture Fixture & Equipment to be purchased.

PERSONAL

FINANCIALS

- » Personal Financial Statement (PFS) — prepared and signed by each owner, jointly with spouse.
- » 3 years personal tax returns, include all W-2's.

OTHER DOCUMENTS

- » SBA Form 1244 — Borrower Application
- » Current Resume or management experience for each business owner.
- » Bank Statements showing funds are available.
- » Driver's License provided by each Owner/Guarantor.



STEP

2

REQUIRED DOCUMENTS FOR SBA SUBMISSION

DOCUMENTS PROVIDED BY CDC FOR EXECUTION

- » Executed Term Sheet & Deposit Requirements
- » Updated Personal Financial Statement (PFS), if expired
- » Request for Tax Transcripts IRS 4506C
- » Updated SBA Form 1244
- » Taxpayer Consent Form
- » CDC Agreement
- » Borrower's Certification
- » Environmental Questionnaire

THIRD PARTY LENDER

- » Bank Commitment Letter
- » Bank Credit Memo/Approval
- » Appraisal – with Intended User to include CDC/SBA
- » Environmental Report with Intended User CDC/SBA

PROJECT DOCUMENTS

- » Contractor Line-Item Budget — Recommend AIA Forms G702/G703.
- » Quotes and/or Invoices for FF&E dated within 30 days.
- » Executed Purchase Agreement, if any — include any amendments, must show a closing date in the future.
- » Proposed Lease Agreement — Term must be minimum 25 years, can include options to renew.

STEP

3

TPL LOAN CLOSING

- » Borrower to coordinate with Bank and closing attorney to provide all closing requirements.
- » Requirements provided by Bank.



STEP
4

REQUIRED DOCUMENTS TO PREPARE FOR CLOSING ATTORNEY REVIEW AND 504 LOAN CLOSING

Borrower Attorney Contact Information	<ul style="list-style-type: none"> » Attorney must be engaged, provide copy of Commitment Letter & SBA Approval. » CDC closing attorney will coordinate with borrower attorney for closing.
Operating Agreement	<ul style="list-style-type: none"> » Fully Executed Operating Agreement or other legal entity papers. » By-Laws, Partnership Agreement, etc. with all amendments (typically prepared by an attorney).
Equity Injection Paid Verification	<ul style="list-style-type: none"> » Provide invoices and proof of payment for all expenses paid to date (cleared check, bank statement for wire or debit/credit transactions).
Loan Proceeds and Project Costs	<ul style="list-style-type: none"> » Verification of all Loan Proceeds and project costs, including copies of all contractors pay applications, proof of payment, invoices paid, copies of checks, etc.
Certificate of Occupancy	<ul style="list-style-type: none"> » Copy of Certificate of Occupancy with correct owner name and final legal address listed.
Business Insurance	<ul style="list-style-type: none"> » Business Insurance for General Liability, Personal Property (contents), Worker's Compensation, Real Estate Insurance, if any. » If Liquor/Beer establishment, provide Liquor Liability coverage. » Changes may be required by CDC attorney.
Life Insurance Policy	<ul style="list-style-type: none"> » Provide a full copy of the life insurance policy which should have a term of at least the term of the loan (10 years, 20 years, 25 years). » CDC will prepare an Assignment form for execution and filing.
Business Licenses/Permits	<ul style="list-style-type: none"> » Business Licenses/Permits are required to operate business if existing business.
Franchise Agreement	<ul style="list-style-type: none"> » Fully Executed Franchise Agreement, if any.
Financials	<ul style="list-style-type: none"> » Updated financials requested by CDC.
Voided Check	<ul style="list-style-type: none"> » Copy of voided check for loan payment authorization – Original voided check should be provided at closing.
Additional Items	<ul style="list-style-type: none"> » Additional items will be requested by CDC Attorney after reviewing all documents.



CDC IS HERE TO HELP GUIDE THE PROCESS

If you have questions or need assistance, please reach out to one of our CDC team members.



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