

ON LENDER'S LETTERHEAD

Date

Name of CDC

Address of CDC

Attention: Name of CDC contact
Title of CDC contact

Re: Name of Small Business Applicant
Street Address, City, State

Dear **(Name of CDC contact):**

(Insert Name of Lender) ("Lender") has reviewed the application of **(Insert Name of Applicant)** ("Borrower") for a \$**(insert total Project amount)** loan for refinancing certain indebtedness incurred by Borrower in the current principal amount of \$**(insert estimated current principal balance of debt to be refinanced)**. Lender is not in a position to meet Borrower's request for refinancing at this time because **(insert reason, such as, "the value of collateral is insufficient under our credit policy")**. To the best of Lender's knowledge, financing of the total project cost is not available at interest rates and terms prevalent in our community.

Lender, however, is willing to participate with **(insert Name of CDC)** in the SBA 504 Loan Program to benefit Borrower. In this regard, Lender is willing to make a loan in the principal amount of \$**(insert amount of Third Party Loan) (insert % of Project Cost)** which will have an interest rate of **(insert complete interest rate, not just the initial rate)** ("Third Party Loan"). The Third Party Loan note will be for a term of **(insert term)** to be amortized over **(insert amortization period)**. In addition, SBA approval of this Third Party Loan is conditioned upon the receipt by SBA from Lender of a one-time participation fee equal to one-half of one percent of the principal amount of this Third Party Loan secured in a senior lien position to that of SBA's 504 Loan.

The Project is located at **(physical address of Project Property)**. Lender's commitment to make the Third Party Loan is contingent upon the collateral and guarantors listed below:

**List Third Party Lender's collateral requirements
List guarantors for Third Party Loan**

(Include the following paragraph if interim financing will be used; omit if Same Institution Debt is being refinanced through an escrow account) Lender also is willing to provide an interim loan in the amount of \$**(insert amount of Interim Loan) (insert % of the Project Cost)** ("Interim Loan") to be repaid from the proceeds of the 504 Loan. The Interim Loan is to be secured by a **(insert lien position)** on the collateral.

Lender certifies that it has no reason to believe that the following statements are not true:

1. Either:
Substantially all (85% or more) of the proceeds of the indebtedness being refinanced was used to acquire an Eligible Fixed Asset(s) (e.g., land, including a building situated thereon, to construct a building thereon, or to purchase equipment) and the remaining amount (15% or less) was incurred for the benefit of the small business seeking the refinancing;

or

If the Eligible Fixed Asset(s) was originally financed through a commercial loan (the "original loan") that was subsequently refinanced one or more times:

- (1) Substantially all (85% or more) of the proceeds of the original loan was used to acquire an Eligible Fixed Asset(s) (e.g., land, including a building situated thereon, to construct a building thereon, or to purchase equipment) and the remaining amount (15% or less) was incurred for the benefit of the small business seeking the refinancing; and
 - (2) The existing debt is the most recent refinancing of the original loan.
2. All of the proceeds of the indebtedness being refinanced were used for the benefit of the small business.

(Include the following paragraph if Same Institution Debt is being refinanced whether with interim financing or through an escrow account)

In addition, if the indebtedness being refinanced is debt of Lender, or any of its affiliates ("Same Institution Debt"), Lender certifies that it is not in a position to sustain a loss on the Refinancing Project amount causing a shift to SBA of all or part of a potential loss from the existing debt.

Sincerely,

Name of Lending Official
Title