



**Temporary 504 Express Loan Authority for
Certified Development Companies Participating
In the Accredited Lenders Program**

Program Guide 1.2

Effective January 16, 2023

**TEMPORARY 504 EXPRESS LOAN AUTHORITY FOR
CERTIFIED DEVELOPMENT COMPANIES PARTICIPATING
IN THE ACCREDITED LENDERS PROGRAM**

PROGRAM GUIDE

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I. Introduction – ALP Express Temporary Delegation of Authority

The purpose of the Temporary 504 Express Loan Authority for Certified Development Companies Participating in the Accredited Lenders Program (ALP) Program Guide (Guide) is to provide Certified Development Companies (CDCs) with the information needed to comply with the terms and conditions of the interim final rule, *Temporary 504 Express Loan Authority for Certified Development Companies Participating in the Accredited Lenders Program* ([87 FR 37979](#), June 27, 2022), which implements the temporary authority delegated to ALP CDCs to make ALP Express loans. This Guide is supplemental to and does not replace [SOP 50 10 6](#), [SOP 50 55](#), or the [Central Servicing Agent \(CSA\) Manual](#) or any successors thereto. CDCs are required to comply with all SBA Loan Program Requirements. In the event of any conflict between this Guide and SBA Standard Operating Procedures (SOP), this Guide will control. This Guide does not restate the 504 loan review requirements for all loans by either the Office of Credit Risk Management (OCRM) or the Office of Financial Program Operations (OFPO). However, there are additional review requirements for ALP Express Loans beyond a standard 504 loan review, which are described in this Guide. The authority to make ALP Express Loans is authorized under the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) and is effective through September 30, 2023.

A. Types of Organizations That May Make ALP Express Loans

CDCs that have Accredited Lender Program (ALP) status (ALP CDCs) and are in good standing (as defined in [13 CFR § 120.420\(f\)](#)) with SBA have temporary authority to make ALP Express Loans. ALP CDCs may approve loans using this temporary ALP Express delegated authority through September 30, 2023.

B. Special Lending Requirements for ALP Express Lending Authority

ALP CDCs in good standing may underwrite, approve, close, and service ALP Express Loans. As defined by the Economic Aid Act, an ALP Express Loan means a 504 loan in an amount that is not more than \$500,000 and does not include a loan made to a borrower that is in an industry that has a high rate of default. SBA will publish in the Federal Register a list of industries with a high rate of default (High Rate of Default Industry List) on an annual basis. CDCs must use this list to determine whether an SBA applicant operates in an industry eligible for an ALP Express Loan.

- (a) SBA will not review the credit decision made by the ALP CDC for an ALP Express Loan. However, the ALP Express Loan is subject to final approval by the Sacramento Loan Processing Center (SLPC) as to eligibility including, but not limited to, those requirements involving franchise or similar agreements, historic properties, all environmental documents, businesses involving religious activities, or businesses with activities of a prurient sexual nature. For each loan, an ALP CDC must submit the documents required by the SLPC to complete the eligibility review. ALP CDCs must also

submit to the SLPC for review and approval any servicing action that the ALP CDC proposes prior to closing that may affect the eligibility of the borrower or the ALP Express Loan.

- (b) The ALP CDC must indicate on SBA Form 1244 (page 12) that it is submitting the loan as an ALP Express Loan. If the ALP CDC does not indicate on SBA Form 1244 that the ALP CDC is using the ALP Express submission method, SBA will process the loan as a standard 504 loan.
- (c) There is no loan loss reserve requirement for loans made under ALP Express delegated authority.
- (d) ALP Express Loan may not be increased over \$500,000. Any increase would require the ALP Express Loan be cancelled and resubmitted as a non-delegated loan through SLPC.

II. High Default Rate Industries

SBA will publish an annual Notice in the Federal Register that lists the industries with a high rate of default. The Notice will describe the methodology that SBA used for including an industry on this list. Inclusion on this list is not an indication of ineligibility for 504 funding, and only indicates that ALP CDCs may not use ALP Express delegated authority to make loans to businesses in an industry on the list. Instead, the CDC must submit the loan application for borrowers in these industries to SLPC for review and approval by SBA.

III. OCRM Oversight of Participation in ALP Express

ALP Express Loans are subject to review by OCRM as part of its supervision and enforcement responsibilities. SBA will monitor ALP CDCs and their ALP Express Loans for performance and compliance with 504 Loan Program Requirements. SBA Loan Program Requirements related to lender oversight are set forth in 13 CFR Subpart I, SOP 50 53 2 (Lender Supervision and Enforcement), SOP 51 00 (On-Site Lender Reviews and Examinations), and SOP 50 10 6, Part 1, Section B, Ch. 2. The circumstances under which the D/OCRM in consultation with the D/OFA may take action against an ALP CDC (e.g., implementing Increased Supervision, requiring Corrective Actions, or taking enforcement action suspending or terminating the authority to make any ALP loan (including ALP Express Loans)), include, but are not limited to, when:

- (1) ALP Express Loans are made to a borrower(s) in an industry with a high rate of default,
- (2) ALP Express Loans are not properly approved, serviced, or closed pursuant to SBA Loan Program Requirements, including requirements specific to ALP Express,
- (3) the ALP CDC's credit underwriting fails to comply with prudent lending standards and resulted in a high Early Default Rate on its ALP Express Loans,
- (4) the ALP CDC fails to comply with SBA Loan Program Requirements relating to adverse change; or
- (5) the ALP CDC attempts to process a 504 loan that was previously submitted to SBA and was withdrawn by the CDC or was declined or otherwise not approved by SBA.

OCRM's review of ALP Express Loans will be incorporated in the existing SMART loan review process. OCRM will also conduct more frequent periodic Targeted Reviews of ALP Express loans in between an ALP CDC's regularly scheduled SMART reviews.

SBA will consider OCRM's review of a CDC's ALP Express loans when evaluating an ALP CDC's authority to continue participating in the ALP Program.

IV. Processing ALP Express Loans (Approval and Eligibility Determination)

This section describes the ALP CDC's underwriting and approval responsibilities, the issuance of loan numbers, eligibility determinations by SLPC and SBA's Office of General Counsel (OGC), and circumstances when an ALP CDC may not use ALP Express Authority to approve loans.

A. Loan Underwriting and Approval Responsibilities

ALP CDCs must approve, close, and service ALP Express Loans in a commercially reasonable and prudent manner and in accordance with SBA Loan Program Requirements (as defined in 13 CFR § 120.10), including but not limited to [SOP 50 10 6](#) and the ALP Express Interim Final Rule. SLPC will not review the ALP CDC's credit decisions for any application submitted using the ALP Express delegated authority. SLPC will review the appraisal, as needed, to determine eligibility. SLPC will not review the life insurance requirements, which is a credit and collateral responsibility of the CDC.

B. Delegated Servicing Action Authority for ALP Express Loans

ALP CDCs may use their ALP Express delegated authority to perform the servicing actions listed below. The ALP CDC is responsible for making these loan modifications (also known as 327 Actions) in E-Tran for ALP Express Loans.

- (1) An ALP CDC may correct an error in the street address of a property pledged as collateral for the ALP Express Loan. The ALP CDC may not change the location of the Project Property using ALP Express delegated authority.
- (2) An ALP CDC may change a Third Party Lender or Interim Lender for an ALP Express Loan provided that the lender is a financial institution that is regulated by the Federal Financial Institution Regulators (i.e., the Federal Deposit Insurance Corporation, the Federal Reserve Board, the Office of the Comptroller of the Currency, the National Credit Union Administration, and the Farm Credit Administration) or by a state financial institution regulator with supervisory and examination authority satisfactory to SBA.
- (3) An ALP CDC may add inadvertently omitted co-Borrowers (without changing the ownership) and guarantors for ALP Express Loans.
- (4) An ALP CDC may reduce the amount of standby debt for ALP Express loans before 504 loan closing.
- (5) An ALP CDC may make de minimis increases to Use of Proceeds amounts on an ALP Express Loan provided the Total Project Costs do not increase. An ALP CDCs may reduce the project size under ALP Express delegated authority with no limitations.

However, if these changes necessitate modification or deletion of collateral that was originally approved, the entire action must be submitted to SLPC for prior review and approval. Please see Appendix 2 for examples of when an ALP CDC must use ALP Express delegated authority and when the ALP CDC must request review and approval from SLPC to change Use of Proceeds amounts.

C. Obtaining SBA Loan Number and Eligibility Determination from SLPC

The ALP CDC must upload into ETRAN the ALP Express Loan application, including the exhibits identified in the SBA Form 1244 required for ALP Express Loans. ALP CDC must retain all other exhibits in the loan file.

SLPC will review each complete ALP Express Loan application for eligibility and communicate any eligibility issues to the CDC to resolve. Once SLPC determines the applicant and the loan are eligible and that SBA funds are available for the loan, the SLPC will issue an SBA Loan Number and provide to the ALP CDC the signed Loan Authorization.

D. Obtaining SBA Approvals of Franchise, Environmental, Historic Properties, and Religious or Prurient Determinations

ALP CDCs must continue to obtain SBA's approval involving certain program eligibility requirements, including but not limited to those requirements involving franchises or similar agreements, historic properties, all environmental documents, and businesses involving religious activities or activities of a prurient sexual nature.

E. When an ALP CDC May Not use ALP Express Authority to Approve Loans.

Previously Declined/Withdrawn Loans. ALP Express delegated authority may not be used to process 504 loans previously submitted to SBA and withdrawn by the CDC or declined or otherwise not approved by SBA. An ALP CDC must review the borrower certification on SBA Form 1244 to ascertain whether the 504 loan was previously submitted to SBA and confirm with SLPC whether the loan was previously withdrawn by the CDC or was declined or otherwise not approved by SBA.

No Exceptions to Policy. Any 504 loan exceptions for which the ALP CDC must request an exception to policy may not be processed as an ALP Express Loan and must be submitted to SBA through SLPC in accordance with SOP 50 10.

ALP CDCs, for ALP Express loans, may submit exceptions to SBA's environmental policies and procedures to the SBA Environmental Committee by email at EnvironmentalAppeals@sba.gov.

V. Loan and Debenture Closing

A. ALP Express Loan Closing and Debenture Responsibilities

The closing process for ALP Express Loans is the same as the closing process for PCLP Loans.

ALP Express Loans may only be closed using a Designated Attorney (13 CFR § 120.802) in good standing who will execute the required Opinion of CDC counsel indicating that the project loan has been closed in accordance with the Loan Authorization and SBA Loan Program Requirements for each loan. Guidance on how to become a Designated Attorney can be found in SOP 50 10 6, Part 2, Section C, Chapter 2, Paragraph C.5. SBA counsel is available to assist as necessary; however, the CDC and its Designated Attorney are ultimately responsible for ALP Express Loan closing (13 CFR §§ 120.960 and 120.10).

The debenture closing is the joint responsibility of the CDC and SBA. CDC must prepare the documents necessary for closing the debenture. SBA counsel reviews the loan closing package for legal sufficiency and opines whether SBA may guarantee the debenture. (13 CFR § 120.960). If SBA counsel has any concerns that SBA may be at material risk if the debenture is sold, then SBA counsel must contact the CDC and identify what information is reasonably necessary to address that concern. If the CDC is unable to provide the information or otherwise alleviate the concern, then the debenture will not be submitted for sale.

Designated Attorneys must submit ALP Express Loan closing packages to SBA with the form Opinion of CDC counsel ([Appendix D to the 504 Authorization Boilerplate](#)). The ALP CDC is responsible for any ALP Express Loan closing deficiencies that result in a loss to SBA. SBA may pursue recovery through the ALP CDC and CDC counsel for deficiencies. SBA will also expect the CDC to timely pursue any claims it may have with the CDC counsel for closing deficiencies. Additionally, all CDC counsel are considered to be Agents who conduct business with SBA under 13 CFR 103.1(a). The regulation at 13 CFR 103.4 provides that SBA may suspend or revoke an Agent's privilege to conduct business with SBA for good cause, including violations of ethical guidelines which govern the profession or business of the Agent or which are published at any time by SBA.

ALP CDCs may not use ALP Express authority to close or service a loan that was not approved using ALP Express delegated authority but must instead process closing and servicing actions through the process that applies to the CDC's non-delegated loans.

B. The ALP Express Closing Package

An ALP CDC submits an ALP Express Loan closing package using a Designated Attorney under the expedited closing process as described in SOP 50 10 6 Part 2, Section C, Chapter 2, Paragraph C.4. SBA requires that the ALP CDC submit to SBA counsel for review a completed SBA Form 2286, Loan Authorization and Agreement, all loan modification actions (327 Actions), 504 Debenture Closing Checklist ("Checklist"), along with the required items on the Checklist.

ALP CDCs generally may use their own forms for the lien instruments on Project Property and secondary collateral. Those forms must be either state bar-approved forms or approved by SBA counsel prior to submission. The lien instruments on real estate must contain a due-on-sale clause and any other language required by the loan authorization. However, the use of the forms below is mandatory:

- a) Documents on the Checklist that have an SBA form number;
- b) Opinion of CDC Counsel (Appendix D to the 504 Authorization Boilerplate); and
- c) The SBA-approved environmental indemnification agreement (if applicable).

VI. Coordination with the Central Servicing Agent (CSA)

ALP CDCs must follow SOP 50 10 6, Part 2, Section C, Chapter 2; SOP 50 55, Chapter 12, the revised servicing matrix in this Guide, and the [CSA Manual](#) for guidance on ALP Express Loan approvals, closings, deferments and catch-up plans.

VII. Loan Servicing after Disbursement

A. ALP Express Loan Servicing and Reporting Responsibilities

ALP Express Loans are subject to the same SBA Loan Program Requirements governing loan servicing and reporting responsibilities that apply to all 504 loans and must be consistent with prudent lending standards. CDCs with ALP Express delegated authority must follow the guidance provided for CDCs in SOP 50 55, Chapter 3, and the revised servicing matrix in the Appendix to this Guide. ALP CDCs should also follow procedures established by the appropriate Commercial Loan Servicing Center (CLSC) when submitting documentation for ALP Express Loans with delegated authority.

B. SBA Response Time on Servicing Requests:

SBA will make every effort to respond to a CDC's request for approval of a proposed Loan Action for which a CDC may not exercise delegated authority within 15 business days. SBA will **not** provide written approval for a proposed Loan Action that the CDC has unilateral authority to take in accordance with SBA's Loan Program Requirements.

C. Deferments on ALP Express Loans

See [SOP 50 55](#), Chapter 12 and the revised servicing matrix in the Appendix of this Guide for loan deferment guidelines. A deferment is a temporary solution to a temporary problem. If the Borrower's problems appear to be permanent or long-term, the loan should instead be classified in liquidation status, the debenture purchased, and more appropriate loan actions initiated.

See [SOP 50 55](#), Chapter 12 and Section VI of this Guide for requirements related to CSA notification of the loan deferral and catch-up plan.

D. Modification of Note on ALP Express Loans

The terms of the Note may not be modified unless SBA has purchased the Debenture.

Pre-Debenture purchase, the date that payments are due under the Note may not be modified.

Pre-Debenture purchase, the installment amount due under the Note may not be modified unless the modification involves a deferment.

Post-Debenture purchase, the date that scheduled installment payments are due may be modified to facilitate a workout agreement provided that the general requirements set forth in SOP 50 55, Chapter 7, Paragraph A are met. Post-Debenture purchase, the installment amount due under the Note may be modified to facilitate a workout agreement if the general requirements set forth in SOP 50 55, Chapter 7, Paragraph A are met, and the new installment amount is sufficient to ensure that the loan balance will be paid in full no later than ten years after the original maturity date of the loan. (13 CFR § 120.531).

E. No Delegation of Authority for Loan Liquidation or Litigation Actions

CDCs are not delegated any authority to take any loan liquidation or litigation actions with respect to ALP Express Loans. Some CDCs may have Authorized CDC Liquidators under 13 CFR 120.975 and ALP Express does not impact that authority. Therefore, ALP Express Loans are subject to the same requirements and procedures governing all 504 loans and CDCs must comply with applicable SBA Loan Program Requirements governing liquidation and litigation, including but not limited to the regulations at 13 CFR Part 120, Subpart E and SOP 50 55. In addition, CDCs should follow the procedures of the respective CLSC with respect to such actions.

ALP Express Loan debenture purchase requests will be processed in the CLSC in Fresno, California or Little Rock, Arkansas. See SOP 50 55 to determine which CLSC to use and how to contact the appropriate CLSC.

APPENDIX 1



CDC Servicing Actions Matrix with ALP Express Temporary Delegations of Authority

All servicing actions require SBA notification within five (5) business days.

Servicing actions that require prior SBA approval are identified with an “X” in the matrix cell.

The authority to approve any servicing action described in a Chapter in SOP 50 55 that is not referenced in the matrix below, which includes Chapters 2, 3, 4, 6, 15 and 16, is not delegated to CDCs and must be approved by SBA. This CDC Servicing matrix provides guidance for Chapters 1, 5, 7, 8, 9, 10, 11, 12, 13, 14, 17, 18, 19, 20, 21, 22, 23, 24, and 25.

Color Code for Matrix: **Green “X” is for PCLP CDCs**, **Red “X” is for ALP CDCs with ALP Express Loan Authority (temporary through September 30, 2023)**; and **Blue “X” is Non-Delegated CDCs** (does not have PCLP or ALP Express Loan Authority).

Chapter 1 - Loan Program Integrity Matters	PCLP	ALP Express	Non-Delegated CDC
Take any action that requires an exception to policy:	X	X	X
Take any action that confers a Preference, or results in the appearance of a Preference on a CDC, an Associate of the CDC, Third Party Lender, or an Associate of the Third Party Lender	X	X	X
Take any action for which SBA’s prior written consent is required by another Loan Program Requirement	X	X	X

Chapter 5 - Environmental Risk Management	PCLP	ALP Express	Non-Delegated CDC
Take title to Contaminated property in SBA’s name	X	X	X
Take title to Contaminated property in CDC’s name	X	X	X
Take control of business that handles Hazardous Substances	X	X	X
Take control of business located on Contaminated Property	X	X	X

Chapter 7 -Modification of Note (Cannot be done prior to Debenture purchase, regardless of delegated authority)	PCLP	ALP Express	Non-Delegated CDC
Change payment due date			X
Change installment amount			X
Change interest rate			X
Extend maturity date			X
Increase loan amount	X	X	X

Chapter 8 - Modification of Collateral Requirements	PCLP	ALP Express	Non-Delegated CDC
Subordinate lien position			X
Substitute Guarantor or Co-Borrower			X
Substitute collateral			X
Release of lien on collateral w/ FMV \leq 10% of Debenture amount or \$10,000			
Release of lien on collateral w/ FMV \geq 10% of Debenture amount or \$10,000			X
Release of Guarantor or Co-Borrower on loan in regular servicing			X
Release of Guarantor or Co-Borrower on loan in liquidation (treat as OIC)	X	X	X
Sell Operating Company when EPC retains ownership of Project Property	X	X	X
Release condemnation proceeds			X

Chapter 9 - Insurance Coverage	PCLP	ALP Express	Non-Delegated CDC
Modify requirements			X
Force-place coverage			X
Endorse checks \leq \$100,000			
Endorse checks $>$ \$100,000			X
Release proceeds $>$ \$100,000			X

Chapter 10 - Modification of Management Covenants	PCLP	ALP Express	Non-Delegated CDC
Modify financial statement requirements			X
Modify restrictions on compensation, dividends, fixed assets, etc.			X

Modify standby agreements			X
Allow payment to standby creditor			X
Release of claim against standby creditor			X

Chapter 11 - Assumption or Sale of Loan	PCLP	ALP Express	Non-Delegated CDC
Allow assumption of loan/no release of guarantors and/or unrelated party transaction			X
Allow assumption of loan/release of guarantors and/or related party transaction			X
Transfer, sell, or pledge loan in liquidation status	X	X	X
Transfer, sell, or pledge of more than 90% of a loan in regular servicing status	X	X	X
Release of Obligors	X	X	X

Chapter 12 - Deferments	PCLP	ALP Express	Non-Delegated CDC
Defer < 6 cumulative monthly payments or 20% of original loan amount.			
Defer > 6 cumulative monthly payments or 20% of original loan amount			X

Chapter 13 - Delinquent Secured Senior Loans	PCLP	ALP Express	Non-Delegated CDC
Advance payment to bring senior loan current	X	X	X
Purchase or pay off senior loan	X	X	X
Establish Protective Bid amount and enter it using Treasury check	X	X	X
Take "No Bid" position at senior lienholder's foreclosure sale	X	X	X
Exercise redemption rights using Treasury check	X	X	X
Collect excess proceeds from foreclosure sale on behalf of SBA			

Chapter 14 - Classifying Loans in Liquidation	PCLP	ALP Express	Non-Delegated CDC
Accelerate Note		X	X
Classify loan in liquidation		X	X
Send demand letter		X	X

Implement Liquidation Plan or amend Liquidation Plan		X	X
Return loan to regular servicing status	X	X	X

Chapter 17 - Workouts	PCLP	ALP Express	Non-Delegated CDC
Implement workout agreement (Cannot be done prior to Debenture purchase, regardless of delegated authority)		X	X

Chapter 18 - Administrative Wage Garnishment	PCLP	ALP Express	Non-Delegated CDC
Initiate, modify, suspend, or terminate	X	X	X

Chapter 19 - Federal Salary Offset	PCLP	ALP Express	Non-Delegated CDC
Initiate, modify, suspend, or terminate	X	X	X

Chapters 20 and 21 – Collateral Liquidation	PCLP	ALP Express	Non-Delegated CDC
Release of lien on collateral w/ FMV ≤ 10% of Debenture amount or \$10,000			
Release of lien on collateral w/ FMV ≥ 10% of Debenture amount or \$10,000	X	X	X
Allow voluntary sale of collateral by Obligor			X
Accept deed in lieu of foreclosure	X	X	X
Initiate judicial foreclosure (Requires assignment of Note and deed of trust or mortgage)	X	X	X
Initiate non-judicial foreclosure (Requires assignment of note and deed of trust or mortgage)	X	X	X
Collect rents on behalf of SBA			
Collect accounts receivable on behalf of SBA			
Surrender life insurance policy for cash value		X	X
Appoint receiver (Requires SBA-approved Litigation Plan)	X	X	X
Approve short sale with 100% of net proceeds to TPL or 504 Loans and no release of Obligors		X	X
Approve short sale with less than 100% of net proceeds to TPL or 504 Loan	X	X	X
Approve short sale with release of Obligors	X	X	X

Initiate eviction proceedings – Routine Litigation		X	X
Initiate eviction proceedings – Non-Routine Litigation	X	X	X
Abandon collateral with Recoverable Value ≤\$10,000 real property/<\$5,000 personal property		X	X
Abandon collateral with Recoverable Value ≥\$10,000 real property/>\$5,000 personal property (Requires an exception to policy)	X	X	X

Chapter 22 – Acquired Collateral	PCLP	ALP Express	Non-Delegated CDC
Take title in SBA’s name	X	X	X
Take title in CDC’s name	X	X	X
Sell acquired collateral	X	X	X
Lease acquired collateral	X	X	X
Abandon acquired collateral	X	X	X

Chapter 23 – Offer in Compromise	PCLP	ALP Express	Non-Delegated CDC
Compromise any portion of loan (principal balance or accrued interest)	X	X	X

Chapter 24 - Litigation	PCLP	ALP Express	Non-Delegated CDC
Implement or amend Litigation Plan	X	X	X

Chapter 25 – Expenses and Recoveries	PCLP	ALP Express	Non-Delegated CDC
Recoup Recoverable Expenses (liquidation and litigation)	X	X	X

APPENDIX 2

Examples of Changes to Use of Proceeds When Use of ALP Express Delegated Authority is Allowed

Example A: The final purchase price (for the land and building) was negotiated down and reduced by \$10,000, while renovations (construction/remodeling) came in over the original budget by \$10,000. Although the increase in the renovations category exceeds 10% of the original renovations amount, the increase to renovations does not exceed the maximum de minimis limit of 10% of the total project costs, and the total projects costs do not increase. **This action is allowed using ALP Express Delegated Authority – CDC has unilateral authority to take this action and update E-Tran.**

Use of Proceeds Category	Initial Project Budget	Updated Budget
Purchase Land and Building	\$ 50,000	\$ 40,000
Construction/Remodeling	\$ 25,000	\$ 35,000
Purchase/Install Equipment	\$ 25,000	\$ 25,000
Total	\$ 100,000	\$ 100,000

Source of Proceeds Category	Initial Project Budget	Updated Budget
Third Party Lender	\$ 50,000	\$ 50,000
SBA 504 Loan – Net Debentures	\$ 40,000	\$ 40,000
Borrower Contributions	\$ 10,000	\$ 10,000
Total	\$ 100,000	\$ 100,000

Example B: The final costs for renovations (construction/remodeling) and equipment (purchase/installation) each came in \$5,000 lower than the original budget. The reduction in each category is 5% of the total project cost, and the aggregate reduction in both categories is 10% of the project cost. **This action is allowed using ALP Express Delegated Authority – CDC has unilateral authority to take this action and update E-Tran.**

Use of Proceeds Category	Initial Project Budget	Updated Budget
Purchase Land and Building	\$ 50,000	\$ 50,000
Construction/Remodeling	\$ 25,000	\$ 20,000
Purchase/Install Equipment	\$ 25,000	\$ 20,000
Total	\$ 100,000	\$ 90,000

Source of Proceeds Category	Initial Project Budget	Updated Budget
Third Party Lender	\$ 50,000	\$ 45,000
SBA 504 Loan – Net Debentures	\$ 40,000	\$ 36,000
Borrower Contributions	\$ 10,000	\$ 9,000
Total	\$ 100,000	\$ 90,000

Example C: The Borrower decided to purchase \$5,000 more in equipment and reduce renovations to the property by \$15,000. The increase in equipment costs does not exceed the 10% de minimis limit, and although the reduction in renovations is 15% and exceeds 10% of the total project cost, CDCs may reduce the project size with no limitations. **This action is allowed using ALP Express Delegated Authority – CDC has unilateral authority to take this action and update E-Tran.**

Use of Proceeds Category	Initial Project Budget	Updated Budget
Purchase Land and Building	\$ 50,000	\$ 50,000
Construction/Remodeling	\$ 25,000	\$ 10,000
Purchase/Install Equipment	\$ 25,000	\$ 30,000
Total	\$ 100,000	\$ 90,000

Source of Proceeds Category	Initial Project Budget	Updated Budget
Third Party Lender	\$ 50,000	\$ 45,000
SBA 504 Loan – Net Debenture	\$ 40,000	\$ 36,000
Borrower Contributions	\$ 10,000	\$ 9,000
Total	\$ 100,000	\$ 90,000

Example D: The Borrower decided to lease instead of purchase equipment and reallocate \$25,000 to renovations (construction/remodeling) for a new roof. Because the \$25,000 that is reallocated and added to renovations is 25% of the total project cost and above the 10% de minimis limit, **this action is not allowed using ALP Express delegated authority – CDC must submit this action to SLPC for review and approval.**

Use of Proceeds Category	Initial Project Budget	Updated Budget
Purchase Land and Building	\$ 50,000	\$ 50,000
Construction/Remodeling	\$ 25,000	\$ 50,000
Purchase/Install Equipment	\$ 25,000	\$ 0
Total	\$ 100,000	\$ 100,000

Source of Proceeds Category	Initial Project Budget	Updated Budget
Third Party Lender	\$ 50,000	\$ 50,000
SBA 504 Loan – Net Debenture	\$ 40,000	\$ 40,000
Borrower Contributions	\$ 10,000	\$ 10,000
Total	\$ 100,000	\$ 100,000

Example E: The Borrower needs \$10,000 in additional funds to purchase equipment. The increase does not exceed 10% of the total project cost, but because total project costs are increasing **this action is not allowed using ALP Express delegated authority – CDC must submit this action to SLPC for review and approval.**

Use of Proceeds Category	Initial Project Budget	Updated Budget
Purchase Land and Building	\$ 50,000	\$ 50,000
Construction/Remodeling	\$ 25,000	\$ 25,000
Purchase/Install Equipment	\$ 25,000	\$ 35,000
Total	\$ 100,000	\$ 110,000

Source of Proceeds Category	Initial Project Budget	Updated Budget
Third Party Lender	\$ 50,000	\$ 55,000
SBA 504 Loan – Net Debenture	\$ 40,000	\$ 44,000
Borrower Contributions	\$ 10,000	\$ 11,000
Total	\$ 100,000	\$ 110,000