SBA Information Notice

TO:	All SBA Employees	**CONTROL NO.:**	March 11, 2015
SUBJECT:	Updated 504 Program Forms 1244 and 2450	**EFFECTIVE:**	5000-1336

The purpose of this notice is to inform employees about the recent revisions to SBA Forms 1244 and 2450. The revisions are effective as of the release date of this Notice with a 30 day grace period. Updates and clarifications made to these forms are listed below.

SBA Form 1244, Application for Section 504 Loan

- Page 3, Section VI, Question 7, "If small manufacturing, does Project meet job requirement of 1 job per $100,000" was added with a yes or no answer to assist the CDC in the impact on jobs.

- Page 8, Part C, Statements Required by Law and Executive Order, Privacy Act (5 U.S.C. 522a), The statement "Failure to provide your social security number may not affect any right, benefit or privilege to which you are entitled," has been deleted and replaced with, "But see Debt Collection notice below." Additionally, the word, however, was deleted in the next sentence.

- Page 9, Part C, Statements Required by Law and Executive Order, Debt Collection Act of 1982 Deficit Reduction Act of 1984 (31 U.S.C. 3701), "These laws require SBA to aggressively collect any loan payments which become delinquent…" This entire section which followed the Executive Order 11738 – Environmental Protection (38 C.F.R. 25161) section was moved to follow the Right to Financial Privacy Act of 1978 (12 U.S.C. 37401) section.

- Page 10, Applicant Notifications, the statement, "I or any of the officers of my company," was replaced with "The Applicants, its proprietors, partners, officers or stockholders owning 20% or more of the Applicant, have or have not (check appropriate box), been involved in bankruptcy or insolvency proceeding. Additionally the statements, "This question covers not only the Applicant, but also the personal bankruptcy or insolvency proceedings of proprietors, partners, officers or stockholders owning 20% or more of the Applicant. You must attach copies of the proceedings, if any." were added.

- Page 10, Certification as to Application Accuracy – Criminal Penalties for False Statements, was updated and clarified to read, "The undersigned certifies that all information provided to the CDC, and that all information in, and submitted with this application, including all exhibits is true and complete to the best of his or her knowledge. Applicant acknowledges that the application and exhibits are submitted to the CDC and to SBA so that the CDC and SBA can decide whether to approve this application. Any future submissions of information to the CDC must be accompanied by a certification as to the accuracy of that information."

SBA Form 2450, Eligibility Information Required for 504 Submission (Non-PCLP)

- Section I, General Information, SBA removed the description of the type of business and the project. SBA also removed the question related to the use and location of the project property.

- Section II, Size and Affiliation, SBA removed the section and questions related to franchises.

- Section II, Size and Affiliation, SBA revised the location for the submission of details regarding potential affiliates from Section X of Form 2450 to Exhibit 1 of Form 1244 (credit memorandum).

- Section III, Principals of the Applicant (previous edition), SBA removed this section and questions related to information from Form 921 and replaced it with a new Section III, Business Revenues, which added the question referencing revenue from packaging SBA loans.

- Section IV, Type of Business (previous edition), SBA removed this section and questions related to types of businesses that are ineligible for SBA assistance.

- Section IV, Project Financing, SBA removed the question "Any costs attributable to the Project to be reimbursed to the Applicant are for land…" SBA also removed the section and questions related to SBA's share of the Project, the question related to debt consolidation, and the questions related to the size of the debenture.

- Section V. Use of Project Proceeds, SBA removed the questions related to occupancy. SBA also removed the questions related to the purchase of machinery & equipment, short-term equipment, and leasehold improvements.

- Section V, Conflict of Interest, Section A, SBA added, "If the applicant's sole proprietor, partner, officer, director or stockholder with a 10% or more interest or a" and removed ""Associate** of the small business or member of any Associate's." Additionally, the word "member" was placed after household.

- Section V, Conflict of Interest, Section A, SBA removed the question, "No officers or directors of community organizations such as certified development companies and microlenders…"

- Section VI, Other, SBA added "and a schedule is included in Exhibit 1 of Form 1244" to the question related to loans to affiliates. SBA also removed "explain in Section X" and added "explain in exhibit 1 of Form 1244" to the questions related to prior defaulted Federal debt and businesses principally engaged in teaching, instructing, counseling, or indoctrinating religion or religious beliefs.

- Section VI, Project Economic Development Goals (previous edition), SBA removed this section and questions related to Job Opportunity, public policy goals, and community development goals.

- Section X, Comments Regarding Any Of Above Answers… (previous edition), SBA removed this section, including the CDC certification and signature sections.

Notification and Questions

SBA field offices must notify Lenders and CDCs about the updates to the Forms. Questions concerning this Notice should be directed to the lender relations specialist in the local SBA field office. The local SBA field office may be found at www.sba.gov/about-offices-list/2.

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Linda S. Rusche
Director
Office of Financial Assistance

OMB APPROVAL NO.: 3245-0071
EXPIRATION DATE: XX/XX/20XX

U.S. SMALL BUSINESS ADMINISTRATION
APPLICATION FOR SECTION 504 LOANS

This form and exhibits are to be completed by the loan applicant and the Certified Development Company (CDC). The information is used to review the small business loan applicant's eligibility, its indebtedness, creditworthiness, and certain other disclosures. SBA also uses the information to assess the CDC's request for guarantee of the debenture. **The loan applicant submits the requested information to the CDC. The CDC will forward the information to SBA: SBA Sacramento Loan Processing Center at 6501 Sylvan Road, Suite 111, Citrus Heights CA 95610-5017.**

PART A

Name of CDC: _____

CDC Contact Person: _____

Name of Borrower: _____ **Telephone No:** _____

Name of Small Business Concern (SBC) (if different): _____

THE FOLLOWING EXHIBITS MUST BE SUBMITTED: [Indicate if Attached (X) or Not Applicable (N/A).]

Instructions: If the CDC is using the Abridged Submission Method (ASM), the CDC must collect and retain in its file, but not submit to SBA, each Exhibit marked with an asterisk (*). Check if ASM Submission ☐

☐ 1. A credit memorandum, which includes CDC's credit analysis, a history and description of the business and analysis of management ability, and description of the qualifications and background of the principals involved in day-to-day management of the business. Exhibit 1.

☐ 2. "Eligibility Information Required for 504 Submission" form. Exhibit 2 (SBA Form 2450).

☐ 3. Personal History Statement (SBA Form 912) for each officer and director (regardless of ownership), key employee and each proprietor, partner and stockholder with 20% or more ownership of the small business concern (SBC) and, if different, each owner with 20% or more ownership of the EPC. Exhibit 3.

☐ 4. * Personal Financial Statement (SBA Form 413) current within 90 days for each proprietor, partner or stockholder with 20% or more ownership of the SBC, and, if different, each owner with 20% or more ownership of the EPC, as well as copies of federal income tax returns for the last one year. Exhibit 4.

☐ 5. {Reserved}. Exhibit 5.

☐ 6. * A balance sheet and income statement as well as federal income tax returns for the previous two years for the SBC (or three years, if the alternate 7(a) size standard is being used). If the SBC is a new business, provide a proforma balance sheet with a description of assumptions attached. Exhibit 6.

☐ 7. * A balance sheet and income statement dated within 120 days of the application together with an aging of the accounts receivable and accounts payable listed. Exhibit 7.

☐ 8. * Where appropriate, a projected, annualized income statement for the first two years after the loan with a description of assumptions attached. Exhibit 8.

☐ 9. * For a new business, a monthly cashflow analysis for the first 12 months of operation or for three months beyond the breakeven point (whichever is longer) together with a description of assumptions attached. Exhibit 9.

☐ 10.* A schedule of debts which includes the original date and amount, monthly payment, interest rate, present balance owed, maturity, to whom payable, and collateral securing the loan for each short-term and long-term loan that the business currently has outstanding or has planned for the next 12 months (other than the 504 loan). Please indicate whether each loan is current or delinquent. Exhibit 10.

☐ 11.* A schedule of any previous government financing received by the applicant small business concern or any affiliated company of the applicant as well as any associate (as defined by §120.10) or principal of the applicant. Include the name of the agency, the original date and amount, the outstanding balance, status of the loan (current, delinquent, paid in full, or charged off), and collateral securing the loan. Exhibit 11.

☐ 12.* The names of affiliated (through ownership or management control) or subsidiary businesses as well as the last two fiscal year-end financial statements and/or federal income tax returns for the last two years (or three years, if the alternate 7(a) size standard is being used). Exhibit 12.

☐ 13. If the business is a franchise and not listed on the franchise registry, include a copy of the Franchise Agreement and the Franchisor's Disclosure Statement that is required by the Federal Trade Commission. If this business is on the franchise registry, provide Certification of Franchise documents. Exhibit 13.

☐ 14. A copy of key cost documents such as contractor costs, estimates, vendor quotes for machinery and equipment, etc. as well as an itemized listing of estimated "professional fees" that is summarized in Part B, Section VII. Exhibit 14. Full or partially executed purchase/sale agreements must be provided.

☐ 15. An independent appraisal for project real estate as required by SOP 50-10. Exhibit 15.

☐ 16. Environmental analysis, if applicable. Exhibit 16.

☐ 17. A letter of intent/term sheet from the participating lender stating the terms and conditions of its participation and the reason why it will not finance the entire project. Exhibit 17.

☐ 18. USCIS verification of the USCIS status of any alien who is an owner of 20% or more of the small business applicant or any person who controls (as defined by SBA regulations and policies) the small business applicant. Exhibit 18.

☐ 19.* Credit reports for the SBC, its owner(s), and affiliates who are guarantors. Credit reports are not required for non-guarantor affiliates.. Exhibit 19.

☐ 20.* A completed SBA Form 159 (504) (Fee Disclosure Form and Compensation Agreement) for costs incurred by the applicant to third parties (attorney, accountant, etc.). Exhibit 20. (Submit to CDC at loan closing.)

☐ 21. Copies of most current debt and lien instruments, and transcript of account or equivalent for any debts being refinanced and certifications required for refinancing.

☐ 22 . Credit Alert Verification Reporting System (CAIVRS) report to document applicant, guarantors and affiliates do not have a Prior Loss to the Government or Delinquent Federal Debt.

U.S. SMALL BUSINESS ADMINISTRATION
APPLICATION FOR SECTION 504 LOAN

PART B

I.	Certified Development Company			Date of Application		
	Contact Person			Telephone No.		
II.	Borrower's Name				Employer ID Number	
	Name of Small Business Concern (SBC) if other than Borrower				EPC Yes: ☐ No: ☐	
	Name of Principal in charge of the SBC			Telephone No.		
	SBC's Address			Street Address of Project (if different)		
	City	County	State/Zip Code	City of Project	County of Project	State/Zip Code
III.	☐ Corp., Yrs Chartered ____ ☐ Partnership, No. Partners ____ ☐ Proprietorship ☐ LLC	Location 1 - Urban 2 - Rural		Check appropriate description ☐ Existing Business ☐ New Business		Relocation Yes ☐ No ☐
	Type of Business		NAICS Code	Date Established	Minority Code	Check if applicable: ☐ Woman-owned ☐ Veteran-owned ☐ Service Disabled Veteran-owned
IV.	A. Name(s) of Participating Lender(s)					
	Amount:	Contact Person			Telephone No.	
	B. Name of Other Sources (including any other Federal sources)				Amount:	
	C. Name of Interim Lender (if different from IV.A.)					
	Amount:	Contact Person			Telephone No.	
V.	Please explain the purpose and Economic Impact of the Project					

SBA USE ONLY

Approved by D.O. _____ Date _____ Funding Approved _____ Date _____

_____ _____ _____ _____

VI. A. Impact on Jobs

1. Pre-project Employment _____
2. Number of jobs to be created in the next two years _____
3. Number of jobs to be retained because of project _____
4. Total jobs to be created and retained (2 + 3) _____
5. Debenture Amt./$65,000 (504 projects only) _____
6. Does Project meet job requirement of 1 job per $65,000? ☐ Yes ☐ No
7. If small manufacturing, does Project meet job requirement of 1 job per $100,000? ☐ Yes ☐ No

B. CDC's overall portfolio job ratio as of the date of the last Annual Report _____

C. Economic Development Objectives

_____ Community or Area Development

_____ Public Policy Goals (check one or more below)***

_____ Rural development

_____ Business district revitalization

_____ Expansion of exports

_____ Minority-owned business

_____ Enhanced economic competition

_____ Changes necessitated by Federal in budget cutbacks

_____ Business restructuring from Federally mandated policies affecting the environment, employee safety or health.

_____ Veteran-owned business

Woman-owned business

Energy Efficiency Goals

_____ Reduce energy use by 10%

_____ Sustainable building design

_____ Renewable energy production

_____ Reduces unemployment in labor surplus areas

VII.

Proposed Uses of Funds	Amount Requested
A. Land (and purchase of existing building, if applicable):	$ _____
B. Building (new construction, remodeling, L/H improvement, etc.):	$ _____
C. Machinery & equipment (purchase, installation, etc.):	$ _____
D. Debt to be refinanced	$ _____
E. Professional fees (appraiser, architect, legal, etc.):	$ _____
F. Other Expenses (eligible business expenses related to contingency, interest on interim financing, etc.):	$ _____
G. TOTAL PROJECT COST (Not including 504-related fees)	$ _____

VIII. Debenture Pricing (504)

	Requested
A. SBA Share (_____%) of Project Cost	$ _____
B. Administrative Costs	
1. SBA Guarantee Fee (Ax_____%)	$ _____
2. Funding Fee (Ax0.0025)	$ _____
3. CDC Processing Fee (Ax_____%)	$ _____
4. Closing Costs	$ _____
5. Total (B1 through B4)	$ _____
6. Underwriters Fee*	$ _____
7. Total (B5 plus B6)	$ _____
C. Total Debenture Amount (A plus B7, rounded up to next thousand)	$ _____
D. Balance to Borrower (C minus (A + B7)	$ _____
	$ _____

IX.

Sources of Funds (504 projects only)	Dollar Request	% Project Cost	Maturity	Interest Rate	Lien Position
A. Net Debenture (VIII.A.)			XXX	XXX	XXX
Gross Debenture (VIII.C.)	XXX	XXX		XXX	
B. Private Sector					
C. Other Financing (specify)					
D. Borrower Injection					
E. CDC Injection					
F. TOTAL PROJECT FINANCING**		100.00%	XXX	XXX	XXX

X. Source of Equity Injection

* Underwriters fee calculated as follows: For 20 year Debentures, the sum of a. and b.5 divided by 0.99600; round this number up the next highest thousand; multiply this number by 0.00400. For 10 year Debentures, the sum of a. and b.5 divided by 0.99625; round this number up to the next highest thousand; multiply this number by 0.00375.

** This does not include 504-related fees and costs.

***The public policy goals refer to the public policy goals referenced in section 501(d)(3)(A) through (K) of the Small Business Investment Act. Applicants are eligible for a higher debenture if they can show the project achieves an applicable energy public policy or small manufacturing goal.

XI. Financial Summary

Fiscal Year Ending _____ Statements (check one): ☐ Audited ☐ Review ☐ Compilation

BALANCE SHEET	AS OF	ADJUSTMENTS Debits	ADJUSTMENTS Credits	ADJ/FINANCIAL DATA (Pro Forma)
ASSETS				
Cash				
Accounts Receivable				
Inventory				
Other				
Total Current Assets				
Fixed Assets				
Other Assets				
Total Assets				
LIABILITIES & NET WORTH				
Accounts Payable				
* Notes Payable				
Taxes/Accruals				
** Private Lender (cur. Portion)				
SBA (current portion)				
Other				
Total Current Liabilities				
Notes Payable				
Private Lender (L-T portion)				
SBA (L-T portion)				
Other				
Total Liabilities				
Net Worth				
Total Liab. & Net Worth				

XII. Ratio Analysis (use pro forma column) NAICS Code _____

	SBC	Industry Averages	SBC Use Only	
Debt/Net Worth Ratio				
Net Working Capital				
Current Ratio				
Other:				

XIII. Balance Sheet Comments/Adjustments (e.g. goodwill, intangibles, etc.)
[Include here, or in credit memorandum (SBA Form 1244, Exhibit 1).]

*Notes Payable: include any existing current portion of long-term debt.
**For lender's share of 504 project only.

XIV.

Income Statement	Historical Year	%	Historical Year	%	Current Interim	%	Projection	%
Sales								
Cost of Goods Sold								
Gross Profit								
G&A Expenses								
Net before Taxes								
Income Taxes								
Net after Taxes								
Break out of specific expenses: included in G + A above:								
Depreciation								
Interest								
W/D& Officer Comp								
Rent								

XV.

Cash Flow Available for P&I	Existing Year:	Projection Year:
A. Earnings Before Taxes	$	$
B. + Depreciation	$	$
C. + Interest Expense	$	$
D. + Rent Savings, if any	$	$
E. + Other	$	$
1.	$	$
2.	$	$
F. Total Cash Flow	$	$
G. Existing Debt Service (P + I)	$	$
H. + Project Debt Service (P + I)	$	$
I. + Line of credit - principal	$	$
J. + Line of credit - Interest	$	$
K. + Other	$	$
L. Total Cash Requirements (G - K)	$	$
M. Cash Margin (F minus L)	$	$
N. Cash Flow Coverage Ratio (F divided by L)		

XVI.

Comments on Ability to Repay - (Include Working Capital Analysis and comments on credit history.)
[Include here, or in credit memorandum (SBA Form 1244, Exhibit 1).]

XVII. List of Project Collateral

	Cost or Net Book Value (if available)	Senior Lien	Appraised Value
Land (and/or purchase of existing building)			
Building (new construction, remodeling, leasehold improvements, etc.)			
Machinery and equipment (purchase, installation, etc.)			
Totals			

Guarantor(s) and/or Owners	Personal Net Worth	Pledged Security (if applicable)

Analysis of Collateral Adequacy. (Include summary of environmental analysis, if any.)
[Include here, or credit memorandum (SBA Form 1244, Exhibit 1).]

XVIII. CDC Notifications

Has any member, officer, director or professional staff of CDC changed since last debenture request? Yes: ☐ No: ☐
If so, has Form 1081 and resume been submitted to SBA? Yes: ☐ No: ☐

XIX. CDC and Borrower Agreements and Certifications

A. CDC Agreements and Certifications

The CDC agrees that if SBA approves this application, it will not for at least two years after the disbursement of the debenture hire an employee or consult anyone who was employed by the SBA during the one-year period prior to the disbursement of the debenture.

The CDC certifies that it does not own any stock or equity in the SBC and no officer, director, or person within a controlling group of the CDC is an officer, director or holder of any direct or indirect pecuniary interest in the SBC.

The CDC authorizes disclosure of all information submitted in connection with this application to the financial institution agreeing to participate with the SBA's guaranteed debenture or loan.

The CDC certifies that it will comply with 13 C.F.R. Sections 112, 113, and 117 which prohibit discrimination on the grounds of race, color, sex, religion, marital status, handicap, age or national origin by recipients of Federal financing assistance; and will require appropriate reports and access to books and records. These requirements are also applicable to anyone who buys or takes control of the business. He/she realizes that if he/she does not comply with these nondiscrimination requirements, SBA can call, terminate, or accelerate repayment on his/her loan.

As consideration for any Management and Technical Assistance that may be provided, the CDC waives all claims against SBA and its consultants.

The CDC certifies that it has not paid anyone connected with the Federal government for help in getting this financial assistance. It also agrees to report to the SBA Office of Inspector General, 409 3rd Str., SW, Washington, D.C. 20416 any Federal government employee who offers in return for any type of compensation to help get this application approved.

The CDC understands that it need not pay anyone to deal with SBA. He/she has read SBA Form 159 which explains SBA policy on representatives and fees.

The CDC states, to the best of its knowledge and belief, that if any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, it shall complete and submit Standard Form-LL, "Disclosure Form to Report Lobbying," in accordance with this instructions. Submission of this statement is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352. Anyone who fails to file the required statement shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

The CDC in consideration for assistance from SBA hereby agrees that it will comply with all Federal laws and regulations enforced to the extent that they are applicable to such assistance, including conditions set forth in this application.

The undersigned certifies that all information in this application and the exhibits is true and complete to the best of his/her knowledge and is submitted to SBA so that the CDC and SBA can decide whether to approve this application.
The CDC acknowledges that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, liability for treble damages under the False Claims Act, 31 U.S.C. 3729-3733, debarment and suspension, lender enforcement remedies under 13 C.F.R. Part 120, and other consequences.

The CDC certifies that the credit analysis has been reviewed and approved by the CDC Board of Directors.

B. Borrower Agreements and Certifications

I agree that if SBA approves this application, I will not for at least two years hire an employee or consult anyone who was employed by the SBA during the one year period prior to the disbursement of the debenture.

I certify: I have not paid anyone connected with the Federal government for help getting this financial assistance. I also agree to report to the SBA Office of Inspector General, 409 Third Street S.W., Washington, D.C. 20416, any Federal government employee who offers in return for any type of compensation to help get this application approved. I understand that I need not pay anybody to deal with SBA. I also understand that a Certified Development Company may charge the applicant a percentage of the loan proceeds as set forth in SBA regulations as a fee for preparing and processing the loan applications. I agree to pay for or reimburse SBA for the cost of any surveys, title or mortgage examinations, appraisals, etc., performed by non-SBA personnel provided that I have given my consent.

Regulations issued by SBA prohibit the making of loans to relocate any operations of a small business which will cause a net reduction of one-third or more in the workforce of the relocating small business or a substantial increase in unemployment in any area of the country.
In the event that proceeds from this loan are used to provide a facility for relocation of the beneficiary small business concern (including any affiliate, subsidiary or other business entity under direct, indirect or common control), the undersigned certifies that such relocation will not significantly increase unemployment in the area of the original location.

No overlapping relationship exists between the small business concern, including its associates, and the CDC, including its associates, if any other lender providing financing for the project that could create an appearance of a conflict of interest as defined in 13 CFR 120.140 or violate 13 CFR 120.851. No such relationships existed within six months of this application or will be permitted to exist while assistance is outstanding.

I authorize disclosure of all information submitted in connection with this application to the financial institution agreeing to participate with SBA's guaranteed debenture. I waive all claims against SBA and its consultants for any management and technical assistance that may be provided. In consideration for assistance from the Small Business Administration, I hereby agree that I will comply with all Federal laws and regulations to the extent that they are applicable to such assistance, including conditions set forth in this application. I, my spouse, or any member of my household, or anyone who owns, manages, or directs the business or their spouses or members of their households do not work for the SBA, Small Business Advisory Council, SCORE or ACE, any Federal agency, or the participating lender. If someone does, the name and address of such person and where employed is provided on an attached page.

Name of Development Company: _____

By: _____ **Title**: _____ **Date:** _____

Attested By: _____

PLEASE NOTE: The estimated burden for completing this form and exhibits is 2.25 hours per application for ASM submissions and 2.45 for non-ASM submissions. You are not required to respond to any collection of information unless it displays a currently valid OMB approval number. Comments or questions on the burden estimate should be sent to U.S. Small Business Administration, Chief, AIB, 409 3rd St., S.W., Washington D.C. 20416 and/or SBA Desk Officer, Office of Management and Budget, New Executive Office Building, Room 10202, Washington, D.C. 20503.

PLEASE DO NOT SEND FORMS TO THESE ADDRESSES.

U.S. SMALL BUSINESS ADMINISTRATION

PART C
Statements Required by Law and Executive Order

Federal executive agencies, including the Small Business Administration (SBA), are required to withhold or limit financial assistance, to impose special conditions on approved loans, to provide special notices to applicants or borrowers and to require special reports and data from borrowers in order to comply with legislation passed by the Congress and Executive Orders issued by the President and by the provisions of various inter-agency agreements. SBA has issued regulations and procedures that implement these laws and executive orders, and they are contained in Parts 112, 113, 116, and 117, Title 13, Code of Federal Regulations Chapter 1, or Standard Operating Procedures.

Freedom of Information Act (5 U.S.C. 552)
This law provides, with some exceptions, that SBA must supply information reflected in agency files and records to a person requesting it. Information about approved loans that will be automatically released includes, among other things, statistics on our loan programs (individual borrowers are not identified in the statistics) and other information such as the names of the borrowers (and their officers, directors, stockholders or partners), the collateral pledged to secure the loan, the amount of the loan, its purpose in general terms and the maturity. Proprietary data on a borrower would not routinely be made available to third parties. All requests under this Act are to be addressed to the nearest SBA office and be identified as a Freedom of Information request.

Privacy Act (5 U.S.C. 552a)
A person can request to see or get copies of any personal information that SBA has in his or her file when that file is retrieved by individual identifiers such as name or social security numbers. Requests for information about another party may be denied unless SBA has the written permission of the individual to release the information to the requestor or unless the information is subject to disclosure under the Freedom of Information Act.

Under the provisions of the Privacy Act, you are not required to provide your social security number. But see Debt Collection notice below.. Disclosures of name and other personal identifiers are, required for a benefit, as SBA requires an individual seeking assistance from SBA to provide it with sufficient information for it to make a character determination. In determining whether an individual is of good character, SBA considers the person's integrity, candor, and disposition toward criminal actions. In making loans pursuant to section 7(a)(6) of the Small Business Act (the Act), 15 USC Section 636(a)(6), SBA is required to have reasonable assurance that the loan is of sound value and will be repaid or that it is in the best interest of the Government to grant the assistance requested. Additionally, SBA is specifically authorized to verify your criminal history, or lack thereof, pursuant to section 7(a)(1)(B), 15 USC Section 636(a)(1)(B). Further, for all forms of assistance, SBA is authorized to make all investigations necessary to ensure that a person has not engaged in acts that violate or will violate the Act or the Small Business Investment Act, 15 USC Sections 634(b)(11) and 687(b)(a). For these purposes, you are asked to voluntarily provide your social security number to assist SBA in making a character determination and to distinguish you from other individuals with the same or similar name or other personal identifier.

The Privacy Act authorizes SBA to make certain "routine uses" of information protected by that Act. One such routine use for SBA's loan system of records is that when this information indicates a violation or potential violation of law, whether civil, criminal, or administrative in nature, SBA may refer it to the appropriate agency, whether Federal, State, local or foreign, charged with responsibility for or otherwise involved in investigation, prosecution, enforcement or prevention of such violations. Another routine use of personal information is to assist in obtaining credit bureau reports, including business credit reports on the small business borrower and consumer credit reports and scores on the principals of the small business and guarantors on the loan for purposes of originating, servicing, and liquidating small business loans and for purposes of routine periodic loan portfolio management and lender monitoring. See, SBA-21, Loan System, at 74 FR 14890 (April 1, 2009) as amended by notices published at 77 FR 15835 (3/16/2012) and 77 FR 61467 (10/9/2012) for additional background and other routine uses.

Right to Financial Privacy Act of 1978 (12 U.S.C. 3401)
This is notice to you as required by the Right of Financial Privacy Act of 1978, of SBA's access rights to financial records held by financial institutions that are or have been doing business with you or your business, including any financial institutions participating in a loan or loan guarantee. The law provides that SBA shall have a right of access to your financial records in connection with its consideration or administration of assistance to you in the form of a Government loan or loan guaranty agreement. SBA is required to provide a certificate of its compliance with the Act to a financial institution in connection with its first request for access to your financial records, after which no further certification is required for subsequent accesses. The law also provides that SBA's access rights continue for the term of any approved loan or loan guaranty agreement. No further notice to you of SBA's access rights is required during the term of any such agreement.

The law also authorizes SBA to transfer to another Government authority any financial records included in an application for a loan, or concerning an approved loan or loan guarantee, as necessary to process, service or foreclose on a loan or loan guarantee or to collect on a defaulted loan or loan guarantee. No other transfer of your financial records to another Government authority will be permitted by SBA except as required or permitted by law.

Debt Collection Act of 1982 Deficit Reduction Act of 1984 (31 U.S.C. 3701 et seq. and other titles)
These laws require SBA to aggressively collect any loan payments which become delinquent. SBA must obtain your taxpayer identification number when you apply for a loan. If you receive a loan, and do not make payments as they come due, SBA may take one or more of the following actions:

- Report the status of your loan(s) to credit bureaus
- Hire a collection agency to collect your loan
- Offset your income tax refund or other amounts due to you from the Federal Government
- Suspend or debar you or your company from doing business with the Federal Government
- Refer your loan to the Department of Justice or other attorneys for litigation
- Foreclose on collateral or take other action permitted in the loan instruments

Flood Disaster Protection Act (42 U.S.C. 4011)
Regulations have been issued by the Federal Insurance Administration (FIA) and by SBA implementing this Act and its amendments. These regulations prohibit SBA from making certain loans in an FIA designated floodplain unless Federal flood insurance is purchased as a condition of the loan. Failure to maintain the required level of flood insurance makes the applicant ineligible for any future financial assistance from SBA under any program, including disaster assistance.

Executive Orders -- Floodplain Management and Wetland Protection (42 F.R. 26951 and 42 F.R. 26961)
The SBA discourages any settlement in or development of a floodplain or a wetland. This statement is to notify all SBA loan applicants that such actions are hazardous to both life and property and should be avoided. The additional cost of flood preventive construction must be considered in addition to the possible loss of all assets and investments in future floods.

Occupational Safety and Health Act (15 U.S.C. 651 et seq.)
This legislation authorizes the Occupational Safety and Health Administration in the Department of Labor to require businesses to modify facilities and procedures to protect employees or pay penalty fees. In some instances, the business can be forced to cease operations or be prevented from starting operations in a new facility. Therefore, in some instances SBA may require additional information from an applicant to determine whether the business will be in compliance with OSHA regulations and allowed to operate its facility after the loan is approved and disbursed. Signing this form as borrower is a certification that the OSA requirements that apply to the borrower's business have been determined and the borrower to the best of its knowledge is in compliance.

Civil Rights Legislation
All businesses receiving SBA financial assistance must agree not to discriminate in any business practice, including employment practices and services to the public, on the basis of categories cited in 13 C.F.R., Parts 112, 113, and 117 of SBA Regulations. This includes making their goods and services available to handicapped clients or customers. All business borrowers will be required to display the "Equal Employment Opportunity Poster" prescribed by SBA.

Equal Credit Opportunity Act (15 U.S.C. 1691)
The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status or age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law concerning this creditor is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.

Executive Order 11738 -- Environmental Protection (38 C.F.R. 25161)
The Executive Order charges SBA with administering its loan programs in a manner that will result in effective enforcement of the Clean Air Act, the Federal Water Pollution Act and other environmental protection legislation. SBA must, therefore, impose conditions on some loans. By acknowledging receipt of this form and presenting the application, the principals of all small businesses borrowing $100,000 or more in direct funds stipulate to the following:

1. That any facility used, or to be used, by the subject firm is not cited on the EPA list of Violating Facilities.
2. That subject firm will comply with all the requirements of Section 114 of the Clean Air Act (42 U.S.C. 7414) and Section 308 of the Water Act (33 U.S.C 1318) relating to inspection, monitoring, entry, reports and information, as well as all other requirements specified in Section 114 and Section 308 of the respective Acts, and all regulations and guidelines issued thereunder.
3. That subject firm will notify SBA of the receipt of any communication from the Director of the Environmental Protection Agency indicating that a facility utilized, or to be utilized, by subject firm is under consideration to be listed on the EPA List of Violating Facilities.

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Immigration and Nationality Act (8 U.S.C. 1101, et seq., as amended)
If you are an alien who was in this country illegally since before January 1, 1982, you may have been granted lawful temporary resident status by the United States Citizenship and Immigration Services pursuant to the Immigration Reform and Control Act of 1986 (Pub. L. 99-603). For five years from the date you are granted such status, you are not eligible for financial assistance from the SBA in the form of a loan or guaranty under section 7(a) of the Small Business Act unless you are disabled or a Cuban or Haitian entrant. When you sign this document, you are making the certification that the Immigration Reform and Control Act of 1986 does not apply to you, or if it does apply, more than five years have elapsed since you have been granted lawful temporary resident status pursuant to such 1986 legislation.

Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821 et seq.)
Borrowers using SBA funds for the construction or rehabilitation of a residential structure are prohibited from using lead-based paint (as defined in SBA regulations) on all interior surfaces, whether accessible or not, and exterior surfaces, such as stairs, decks, porches, railings, windows and doors, which are readily accessible to children under 7 years of age. A "residential structure" is any home, apartment, hotel, motel, orphanage, boarding school, dormitory, day care center, extended care facility, college or other school housing, hospital, group practice or community facility and all other residential or institutional structures where persons reside.

Executive Order 12549 as amended by E.O. 12689, Debarment and Suspension and 2 CFR Part 2700

1. The prospective lower tier participant certifies, by submission of this loan application, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
2. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participants shall attach an explanation to the loan application.

Applicant Notifications
The Applicants, its proprietors, partners, officers or stockholders owning 20% or more of the Applicant ☐ have/ ☐ have not been involved in bankruptcy or insolvency proceedings. This question covers not only the Applicant, but also the personal bankruptcy or insolvency proceedings of proprietors, partners, officers or stockholders owning 20% or more of the Applicant. You must attach copies of the proceedings, if any.

The Applicant, its proprietors, partners, officers or stockholders owning 20% of more the Applicant ☐ are/ ☐ are not involved in any pending lawsuits. This question covers not only the Applicant, but also proprietors, partners, officers or stockholders owning 20% or more of the Applicant in their personal capacities.

Applicant's Acknowledgment
My signature acknowledges receipt of these Statements Required by Laws and Executive Orders, that I have read it and that I have a copy for my files. My signature represents my agreement to comply with the requirements SBA makes in connection with the approval of my loan request and to comply, whenever applicable, with the limitations contained in these Statements.

Certification as to Application Accuracy – Criminal Penalties for False Statements
The undersigned certifies that all information provided to the CDC, and that all information in, and submitted with this application, including all exhibits is true and complete to the best of his or her knowledge. Applicant acknowledges that the application and exhibits are submitted to the CDC and to SBA so that the CDC and SBA can decide whether to approve this application. Any future submissions of information to the CDC must be accompanied by a certification as to the accuracy of that information.

The undersigned acknowledges that whoever makes any false statement or report, or willfully overvalues any land property or security for the purpose of influencing in any way the action of the SBA under the Small Business Investment Act, as amended, may be punished by a fine of not more than $1,000,000 or by imprisonment for up to 30 years, or both, pursuant to 18 U.S.C. 1014. The undersigned further acknowledges that, in connection with a 504 loan, submission of any false statement to the CDC or SBA or submission of any record to the CDC or SBA omitting material information can result in civil money penalties and additional monetary liability up to three times the amount of damages which the Government sustains because of the false statement under the False Claims Act, 31 U.S.C. 3729.

(Each Proprietor, each General Partner, each Limited Partner or Stockholder owning 20% or more, and each Guarantor must sign. Each person should only sign once.)

If Applicant is a proprietor or partnership, sign below:

Name of Business

By: _____ **Date**: _____

If Applicant is an L.L.C. or corporation, sign below:

Corporate Name

By: _____ **Date**: _____

Attested by: _____ **(seal, if required)**

Additional Proprietors, Partners, Stockholders or Guarantors as required.

Signature	**Date**
Signature	**Date**
Signature	**Date**
Signature	**Date**

U.S. SMALL BUSINESS ADMINISTRATION
APPLICATION FOR SECTION 504 LOAN

PART D
Instructions for Third Party Lender Certification for Loans Made For Debt Refinancing

The Third Party Lender must provide the following certifications in its commitment letter submitted as Exhibit 17 of SBA Form 1244, Application for Section 504 Loan.

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

1. Either:

   (a.)Substantially all (85% or more) of the proceeds of the indebtedness being refinanced were used to acquire and Eligible Fixed Asset (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

   (b) If the Eligible Fixed Asset(s) was (were) originally financed through a commercial loan (the "original loan") that was subsequently refinanced one or more times:
      (i) substantially all (85% or more) of the proceeds of the original loan was used to acquire an Eligible Fixed Asset (e.g., land, including a building situated thereon, to construct a building thereon, or to purchase equipment) and the remaining (15% or less) was incurred for the small business seeking the refinancing; and
      (ii) 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.

3. For Same Institution Debt:

   For Debt Refinancing as Part of an Expansion

   If the indebtedness being refinanced is debt of the Third Party Lender, or any of its affiliates, (Same Institution Debt), the Third Party Lender must certify that it is not in a position to sustain a loss causing a shift to SBA or all or part of a potential loss from the existing debt.

ELIGIBILITY INFORMATION REQUIRED FOR 504 SUBMISSION (NON PCLP)

OMB APPROVAL NO.: 3245-0071
EXPIRATION DATE: 01/31/2018

[The CDC completes this form to help SBA carryout its lender, portfolio and program oversight as part of the application package for Section 504 Loan and sends to: Sacramento Loan Processing Center, Small Business Administration, 6501 Sylvan Road, Suite 111, Citrus Heights, CA. 95610-5017.]

I. General Information - Fill out all blanks and answer all questions. If a question is answered "No," the loan is not eligible.

Applicant Name _____
CDC Name _____

Applicant is an operating business organized for profit, is located in United States, has demonstrated a need for the desired credit, and the desired credit is not otherwise available on reasonable terms from non-Federal sources. YES___ NO ___

The products and/or services of the applicant business are available to the general public. YES___ NO ___

II. Size and Affiliation -- Check Any Item(s) That Are Applicable and if checked answer the questions.

___ Applicant has possible affiliates. *If item is checked, provide the following information in Exhibit 1 of Form 1244:*
List possible affiliates, discuss possible bases of affiliation and determine if affiliation exists. If affiliation exists, provide a schedule showing combined size calculation YES ___ NO ___

___ Applicant business meets the size standards.
The combined size calculation of applicant and its affiliates (if any) meets the size standard for the applicant's primary Industry or the size standard for the primary industry of the applicant and its affiliates, whichever is higher. YES___ NO ___

A. If using the 504 size standard:
- Tangible net worth of Applicant (excluding its Affiliates) _____
- Average net income after Federal income taxes (excluding any Carry over losses) for the Applicant (excluding its Affiliates) for the preceding two completed fiscal years _____

B. If using the alternative 7(a) size standard:
- Primary industry of Applicant _____
- NAICS Code of Applicant _____
- Average annual receipts of Applicant Business (excluding affiliates) over last 3 completed fiscal years _____
- No. of employees of Applicant Business _____
- SBA size standard for applicant _____

___ The size standard is exceeded by no more than 25%.
Applicant agrees to use the assistance within a labor surplus area. YES___ NO ___

III. Business Revenue

Applicant does not earn 1/3 or more of its gross annual revenue from packaging SBA loans. YES___ NO ___

IV Project Financing – Answer All Questions . If a question is answered "No," the loan is not eligible.

The Interim Loan does not cover the Borrower's contribution. The source of interim financing is not from any SBA program, directly or indirectly; the terms and conditions of the financing are acceptable; the source is not

the Applicant or an Associate of the Applicant; and the source has the experience and qualifications to monitor properly all Project construction and progress payments. YES___ NO ___

The Borrower Contribution is cash or property that is part of the Project Property and is not derived from an SBA business loan program. If the contribution is borrowed, the interest rate is reasonable and any lien on the Project assets is subordinate to the liens securing the 504 loan, and the loan will not be repaid at a faster rate than the 504 loan. YES___ NO ___

The Third Party Loan is at least as much as the 504 Loan (net proceeds). The Third Party Loan(s) has a term of at least 7 years for a 10 year debenture and at least 10 years for a 20 year debenture. The interest rate is reasonable. Any financing provided by the seller of Project Property is subordinate to the 504 loan and may not be prepaid without SBA consent. . YES___ NO ___

No more than 50% of eligible Project costs are from Federal sources. YES___ NO ___

V . Use of Project Proceeds – Check Any Item(s) That Are Applicable.

___To relocate any operations of a small business which will cause a net reduction of one-third or more in the workforce of the relocating small business or a substantial increase in unemployment in any area of the country. *If item is checked, answer the following questions.* *If "No," loan is **not eligible**.*

The relocation is for key economic reasons and crucial to the continued existence, economic wellbeing, and/or competitiveness of the applicant; and the economic development benefits to the applicant and the receiving community outweigh the negative impact on the community from which the applicant is moving. YES___ NO ___

___To provide or refinance funds used for payments, distributions, or loans to Associates of the Applicant. *If item is checked, loan is **not eligible**.*

___To acquire, construct, or modify buildings and improvements, and/or to purchase and install machinery and equipment located on land leased to the Applicant by the CDC or an unrelated lessor. *If item is checked, answer the following questions.* *If "No," loan is **not eligible**.*

The remaining term of the lease, including options to renew, exercisable solely by the lessee, will equal or exceed the term of the Debenture, or, in the case of machinery or equipment, equals or exceeds the useful life of the property or the term of the Debenture, whichever is less. YES___ NO ___

The Applicant will assign its interest in the lease to the CDC with right of reassignment to SBA. YES___ NO ___

If CDC is leasing property to the Applicant, the rent paid during the Debenture term will pay principal and interest on all debt incurred by the CDC to finance the Project, and all related expenses. YES___ NO ___

___Debt refinance as part of an expansion is included in Project costs: *If checked, answer the following questions. If "No" loan is **not eligible**.*

Total debt refinanced is no more than 50% of new expansion costs; YES___NO___

Either:

1. Substantially all (85% or more) of the proceeds of the existing debt was used to acquire land, including a building situated thereon, to construct a building thereon or purchase equipment and the remaining amount (15% or less) was incurred for the benefit of the small business seeking the refinancing; or YES___ NO ___

2. If the land, building or equipment was originally financed through a commercial loan (hereafter the "original loan") that was subsequently refinanced one or more times:

i. Substantially all (85% or more) of the proceeds of the original loan was used to acquire land, including a building situated thereon, to construct a building thereon or purchase equipment and the remaining amount (15% or less) was incurred for the benefit of the small business seeking the refinancing; and YES___ NO ___

ii. The existing debt is the most recent refinancing of the original loan; YES___ NO ___

iii. The existing indebtedness is collateralized by fixed assets; YES___ NO ___

iv. The existing indebtedness was incurred for the benefit of the small business concern; YES___ NO ___

v. Project proceeds will be used only for refinancing existing indebtedness or costs relating to the project financed; YES___ NO ___

vi. The financing will provide a substantial benefit to the borrower when prepayment penalties, financing fees, and other financing costs are accounted for; YES___ NO ___

vii. The borrower has been current on all payments due on the existing debt for not less than 1 year preceding the date of refinancing; YES___ NO ___

viii. The financing under section 504 will provide better terms or rate of interest than the existing indebtedness at the time of refinancing; YES___ NO ___

ix. No debt refinanced is due to an Associate of applicant; YES___ NO ___

x. No debt refinanced is due to a Small Business Investment Company; YES___ NO ___

xi. No creditor whose debt is refinanced is in a position to sustain a loss causing a shift of any part of a potential loss to SBA. YES___ NO ___

VI. Conflict of Interest

SBA may not provide financial assistance to an applicant where there is any appearance of a conflict of interest on the part of SBA or the CDC.

A) All statements must be answered as "True" to be eligible.

- If the applicant's sole proprietor, partner, officer, director or stockholder with a 10% or more interest, or a household member is a GS-13 or higher government employee or a Major or Lieutenant Commander or higher in the military, the small business applicant has submitted to the CDC a statement of no objection by the pertinent government department or military service. True ____ False ____

- No CDC or Associate** of CDC has a real or apparent conflict of interest with Applicant, any of Applicant's Associates, or any of the close relatives of Applicant's Associates. True ____ False ___

- No CDC or Associate or close relative of an associate of the CDC has a direct or indirect financial or other interest in the applicant, or has had such an interest within 6 months prior to the date of the application. True ____ False ____

- No Associate of a CDC is incarcerated, on parole, or on probation or is a convicted felon or has an adverse final civil judgment (in a case involving fraud, breach of trust, or other conduct) that would cause the public to question the CDC's business integrity. True ____ False ____

- No CDC or any Associate of CDC has accepted funding from a source that restricts, prioritizes, or conditions the types of small businesses that CDC may assist under an SBA program or that imposes any conditions or requirements upon recipients of SBA assistance inconsistent with SBA's loan programs or regulations. True ____ False ____

- None of the Loan proceeds will directly or indirectly finance purchase of real estate, personal property or services from CDC or an Associate of CDC. True____ False ____

- Neither the Applicant, an Associate of Applicant, close relative nor household member of an Associate of Applicant is required to invest in CDC. True____ False ____

- None of the proceeds of the loan will be used to acquire space in project for which CDC has issued a real estate forward commitment. True ___ False ____

B) Check any item(s) that are applicable. If checked, SBA Standards of Conduct Committee approval will be required prior to issuance of an SBA loan authorization.

___ SBA employee, the employee's close relative or a member of the employee's household is an employee, officer, director, attorney, agent, creditor or debtor, or has a financial interest in the Applicant.

___ Former SBA employee separated from SBA for less than one year is an employee, officer, director, attorney, agent, creditor or debtor, or has a financial interest in the Applicant.

___ Member of Congress or an appointed official or employee of the legislative or judicial branch (or a close relative or household member of such an individual) is a sole proprietor, general partner, officer, director, employee, attorney, agent, creditor or debtor, or has a financial interest in the Applicant.

___ Member or employee of a Small Business Advisory Council or a SCORE volunteer (or a close relative or household member of such an individual) is a sole proprietor, general partner, officer, director, employee, attorney, agent, creditor or debtor, or has 10.0% or more financial interest in the Applicant.

___ Employee of community organizations such as a certified development companies or microlenders (or a close relative or household member of such an individual) has a financial interest in the Applicant.

(**Associate of a CDC is an officer, director, key employee, or holder of 20 percent or more of the value of the CDC's stock or debt instruments or an agent involved in the loan process. An Associate of a small business is an officer, director, owner of more than 20 percent of the equity, or key employee.)

VII. Other - Check Any Item(s) That Are Applicable, and if checked answer the questions

___Loan proceeds will affect properties included or eligible to be included in the National Register of Historic Places.

___Applicant or Affiliate(s) has/have existing SBA loan(s).
The existing SBA loan(s) is/are current and a schedule is included in Exhibit 1 of Form 1244 (If "No" loan **is *not eligible***). YES___ NO ___

___Business or any of its principals has been involved in a federal loan or federally assisted financing that defaulted and caused a loss to the Federal government or any of its Departments or agencies.
(If checked, explanation is included in Exhibit 1 of Form 1244) YES___ NO ___

___Applicant business is principally engaged in teaching, instructing, counseling, or indoctrinating religion or religious beliefs whether in a religious or secural setting. *(If "Yes," explain in Exhibit 1 of Form 1244.)* YES____NO ___

___Applicant has products or services of a prurient sexual nature. *If item is checked, answer the following questions*. *If "No," loan is **not eligible***

Applicant does not present live performances of a prurient sexual nature. YES___ NO ___

Applicant does not derive more than 5% of its gross revenue directly or indirectly, through the sale of products or services or the presentation of any depictions or displays of a prurient sexual nature. YES___ NO ___

___Applicant conducts operations both in the United States and in a foreign country. *If item is checked, answer the following questions*. *If "No," loan is **not eligible***

Applicant operates primarily in the United States. YES___ NO ___

NOTE: According to the Paperwork Reduction Act, you are not required to respond to this collection of information unless it displays a currently valid OMB Control Number. The estimated burden for completing this form, including time for reviewing instructions, gathering data needed, and completing and reviewing the form is 6 minutes. Comments or questions on the burden estimates should be sent to U.S. Small Business Administration, Chief, AIB, 409 3rd St., SW, Washington DC 20416. **PLEASE DO NOT SEND FORMS TO THIS ADDRESS.**