



VERMONT ECONOMIC DEVELOPMENT AUTHORITY

Dear Vermont 504 Corporation loan applicant,

Thank you for choosing VT 504 for your financing needs. Please review your project with a VEDA commercial loan officer or Sandy Croft, VEDA Deputy Director of Commercial Lending (scroft@veda.org) to decide the right loan program for your project.

If an SBA 504 loan is the most appropriate, complete the following checklist items and attached worksheets for the SBA 504 application and email them to your VEDA loan officer. Submitting a complete application will help speed the loan review process and a faster funding decision.

Checklist:

- ☐ **SBA Form 1244**
- ☐ **SBA Form 413 Personal Financial Statement** – Each owner of 20% or more must fill out, sign and date. A bank personal financial statement is acceptable if the same information is completed in a different form, however still sign and date and write “see attached”. Spouses must sign and date all personal financial statements.
- ☐ **Previous Government Financing/Affiliate Business** – Detail current or previous government financing. Detail affiliate businesses where there is a controlling interest in the company.
- ☐ **Cost Documents**
 - Real Estate Purchase**
 - ☐ Signed Purchase and Sale agreement or Letter of Intent
 - ☐ Construction or Renovations Budget from third party vendor on their letterhead
 - Equipment**
 - ☐ Invoices/Quotes of equipment to be acquired
- ☐ **Financial Documents**
 - ☐ **Personal Tax Returns** – Complete last 2 years of personal tax returns for all owners of 20% or more. If on extension, provide extension.
 - ☐ **Business Tax Returns** – Complete last 3 years of business tax returns, including any affiliate business(es). If on extension, provide extension.
 - ☐ **Year-to-Date Financials** – Must be dated within 90 days of application
 - ☐ Balance Sheet
 - ☐ Income Statement
 - ☐ Accounts Receivable and Accounts Payable Aging Reports
- ☐ **Projections for 2 years w/assumptions (income statement, balance sheet, and cash flow)** – Required for all new businesses or projects based on increased revenue
- ☐ **Franchise or Dealer** - If your business has a franchise or dealer agreement, please provide a copy of franchise/dealer agreement and franchisor’s disclosure statement.

Please submit all information to your loan officer, or email 504@veda.org.

If necessary you may also Mail your completed application package to:

Vermont 504 Corporation, 58 East State Street, Suite 5, Montpelier, VT 05602-3044

Business/Borrower Name _____

Contact Name _____ **Phone** _____ **Email:** _____

I. SOURCES OF FUNDING & USES OF FUNDING

- A. **Total Cost of Project:** \$ _____
- B. **Total Loan Request from VEDA:** \$ _____
- C. **Use of Funds:** Please provide a detailed description of how all loan proceeds (Vermont 504's and other lenders') and equity will be utilized.

D. **Additional Sources of Funding for Project:** Please list the other sources of funding for the project. Attach commitment letters from the other lenders (if available).

Lender Name	Loan Amount	Interest Rate	Term	Amortization	Collateral
	\$	%	Mos.	Mos.	
	\$	%	Mos.	Mos.	
	\$	%	Mos.	Mos.	
	\$	%	Mos.	Mos.	

E. **Equity Investment:** Please list all source(s) and corresponding amount(s) of equity investment for the project.

Source of Equity	Amount
	\$
	\$
	\$

II. EMPLOYMENT / BENEFITS INFORMATION

Please provide the following information regarding current and projected employee compensation and benefits.

Please note: “FTE” or full-time equivalents, equates hours worked to a normal 40 hour work week. For example, if two employees work half-time (20 hours / week) this equals 1.0 full-time equivalent, or 1 FTE.

	Before Project (at time of application)			Within 2 Years		
No. of FTE Hourly Employees						
Average Hourly Wage Without Benefits	\$	Per hour		\$	Per hour	
Average Hourly Wage With Benefits	\$	Per hour		\$	Per hour	
No. of FTE Salaried Employees						
Average Annual Salary Without Benefits	\$	Per year		\$	Per year	
Average Annual Salary With Benefits	\$	Per year		\$	Per year	
Employee Benefits as % of Total Payroll	%			%		
Total Payroll Last 3 Years	FY	20	FY	20	FY	20
	\$		\$		\$	

Please Mark All Benefits Offered to Employees:

Additional Comments / Information on Benefits (optional):

Cafeteria Plan	
Health Insurance	
Life Insurance	
Disability Insurance	
Dental Insurance	
Vision Plan	
401 K Match	
Vacation / Sick/Holiday Time	
Other (please describe)	

III. GENERAL INFORMATION

	No	Yes	
1) Does this business have a subsidiary or is a subsidiary of a parent corporation?			If YES, please explain:
2) Is this business a co-borrower or guarantor for any other business or individual?			If YES, please explain:
3) Has this business, or any principal stockholder in it (or any other business in which the principal stockholders owned a controlling interest), ever previously defaulted on a loan from the State of Vermont, or defaulted on a loan obtained with the assistance of the State of Vermont causing the State or its Agencies (included but not limited to VEDA) to sustain a financial loss?			If YES, please explain:
4) Is the business / applicant an out-of-state domiciled company?			If YES, attach Certificate of Authority to do Business in Vermont.
5) Does the business owe any taxes for prior years?			If YES, please explain:
6) Are any payroll withholding taxes delinquent?			If YES, please explain:
7) Will these loan proceeds be used for a project that will require the approval of a governmental authority, such as a Zoning Board, Planning Commission, or District Environmental Commission?			If YES, please describe what permits have been obtained and those which will be obtained and the status of each permit application:
8) Does the business currently produce products for export outside the United States?			If YES, would you be interested in learning about VEDA's Export Assistance Program? Yes No



Previous Government Financing

Business/ Borrower Name _____

Please list all loans that you currently have or have ever had that were either issued directly from or guaranteed by the Federal Government. Include federally guaranteed student loans.

None

Federal Agency	Loan Purpose	Acct Number (If known)	Original Date	Original Amount	Current Balance	Current
						Yes No
						Yes No
						Yes No
						Yes No

Signature of Applicant / Date _____

Affiliate Businesses

Business/ Borrower Name _____

Please list all businesses that are at least 20% owned by any Applicant.

None

Business Name & Location	% Ownership	Do you materially participate in the operation of this business?	Does this business presently have any loans with the SBA?
		Yes No	Yes No If Yes: Current Yes No
		Yes No	Yes No If Yes: Current Yes No
		Yes No	Yes No If Yes: Current Yes No
		Yes No	Yes No If Yes: Current Yes No

Signature of Applicant / Date _____

SCHEDULE OF EXISTING BUSINESS LIABILITIES



Business / Borrower Name(s): _____

Please list all debts (including loans and lease payments) now owned by the business as well as debts that you expect the business to incur within the next 12 months (other than the 504 loan). _____ None

Lender Name & Contact Info.	Original Date	Original Amount	Current Balance	Interest Rate	Maturity Date	Monthly Payment	Collateral	Current
Direct Liabilities:								
		\$	\$	%		\$		Y N
		\$	\$	%		\$		Y N
		\$	\$	%		\$		Y N
		\$	\$	%		\$		Y N
		\$	\$	%		\$		Y N
Contingent Liabilities:								
		\$	\$	%		\$		Y N
		\$	\$	%		\$		Y N
		\$	\$	%		\$		Y N

Signature of Applicant(s): _____ Date: _____

Signature of Applicant(s): _____ Date: _____



Acknowledgement of Debenture Cost, Fee and Rate Structure

Closing Costs:

I/We understand that 504-related fees and costs are included in the Total Debenture Amount. I/We acknowledge that these costs are included in the amount borrowed:

1. A Funding Fee of one –quarter of one percent of the SBA Share
2. A Certified Development Company processing fee not to exceed one and one-half percent of the SBA Share
3. An Underwriters Fee of four-tenths of one percent of the SBA Share
4. A closing fee charged by the Certified Development Corporation (CDC) not to exceed \$2,500 (currently we are waiving this fee)
5. A Guarantee Fee of one-half of one percent of the SBA Share

I/We understand that the distributable Net Debenture Proceeds, plus the 504-related costs and fees, comprise the Total Debenture Amount. Therefore, the amount that I/We borrow under the 504 loan program includes both the net proceeds that will be applied toward the Project being financed plus the fees as described above.

There is an additional 504-related fee of one-half of one percent of the amount of the senior mortgage on the project property.

The closing costs of the Certified Development Company including its attorney's fees incurred in connection with the documentation and sale of the debenture may be charged to the borrower as an additional amount payable by the borrower.

Interest Rate:

I/We acknowledge that the interest rate applicable to the amount borrowed (Total Debenture Amount) is not determinable until the date the debenture is sold. Therefore, the actual amount of the monthly payment obligation incurred in connection with the debenture is ascertainable when the debenture is sold, and is not ascertainable before the debenture is sold. The CDC has information pertaining to historical interest rates on previously issued debentures but cannot in any way determine what future interest rates will be.

Servicing Fees:

Servicing Fees are added to monthly principal and interest payments to determine the total monthly obligation. The monthly obligation includes (1) a servicing fee, payable to the Central Servicing Agent, of one-tenth of one percent per annum on the Note balance determined at 5-year anniversary intervals: (2) a CDC servicing fee not to exceed one and one half percent per annum on the Note balance determined at 5-year anniversary

intervals; and (3) an SBA guaranty fee of 3310/10000 of one percent (0.3310 of 1%) for loans used strictly for purchases, or 3560/10000 of one percent (0.3560 of 1%) for loans for which a portion includes the refinance of debt on the Note balance determined at 5-year anniversary intervals.

Late Fees:

There is a late payment charge equal to five percent of the late amount or \$100.00, whichever is greater, payable with respect to payments which are accepted after the fifteenth day of the month in which the payment is due.

Prepayment Premium or Repurchase Premium:

The amount required to prepay the borrower's obligation shall be the aggregate of the indebtedness under the note including interest on the note through the date of the next semi-annual payment date of the associated debenture, together with a prepayment premium. Further information regarding prepayment premiums and procedures is attached.

Remittance of Monthly Payments:

Monthly payments are remitted to the SBA's fiscal agent, Wells Fargo Bank, NA. The due date of the loan payment will always be on the second business day of the month, and payments must be debited from an account designated by the Borrower. Extra payments may not be applied to the 504 loan at any time.

Declaration of Applicant(s):

I/We have read the above descriptions detailing closing costs, interest rate, servicing fees, late fees, and prepayment premium or repurchase premium, and I/We accept such costs, rate, fees, and premiums as are described therein.

Signed (borrower): _____

Date: _____

Signed (borrower): _____

Date: _____

Further Explanation of Prepayment Premiums and Prepayment Procedures

Loan prepayments are handled by SBA's fiscal agent, Wells Fargo Bank, NA (California).

During the first half of the loan's term, there is a gradually reduced prepayment penalty, the amount of which is tied to the loan balance and interest rate (the Borrower is provided with a schedule of the loan's prepayment penalties at loan closing).

Because SBA 504 loans are financed by the sale of bonds (debentures), the timing of prepaying a particular loan may affect the actual cost to a borrower.

Each debenture has semi-annual anniversary dates, and when a debenture is prepaid, all payments (minus the CDC servicing fee) must be paid through the next semi-annual date. It is therefore advantageous for a Borrower to prepay the month prior to their upcoming semi-annual date.

Wells Fargo Bank, NA schedules loan prepayments for SBA 504 loans on the third Thursday of every month, only.

In order to schedule a prepayment, the following needs to occur:

The Borrower or Bank submits a written request to Vermont 504 Corporation (VT 504) stating the loan number and month of the desired prepayment. VT 504 must receive this between the 22nd and 31st of the prior month. The prepayment is then scheduled with Wells Fargo Bank, NA.

VT 504 receives the final calculation for the loan's payoff about a week before the prepayment deadline. This is sent to the Borrower/Bank with wiring instructions. Once received, the monies may be wired at any time, as long as Wells Fargo Bank, NA receives the wire by noon of the payoff date, Eastern Standard Time.

After the loan is paid off, VT 504 oversees the recording, release, and return of specific loan documents in a timely manner.

Repayment Premium ("RP") calculation:

$RP = D(I \times P)$, where

D = the remaining principal balance of the Debenture

I = the interest rate stated on the face of the Debenture expressed in decimal points

P = the factor set forth below for the applicable year

20 & 25 Year Debenture

Year	P
1	1.00
2	.90
3	.80
4	.70
5	.60
6	.50
7	.40
8	.30
9	.20
10	.10
11 and thereafter	0

10 Year Debenture

Year	P
1	1.00
2	.80
3	.60
4	.40
5	.20
6 and thereafter	0