

Sample Bank Letter of Commitment
SBA 504 program

Date

Name of CDC contact
Title of CDC contact
Name of CDC
Address of CDC
City, State Zip Code

RE: Name
Address, City, State

Dear *[name of CDC contact]*:

[Insert Name of Lender] has reviewed the borrower's application for a \$ *[insert total project amount]* loan for full project financing for the *[insert project components such as purchase, improvements, construction]* of the *[real estate and/or equipment]* located at *[insert address, city, state]*. This Bank is not in a position to meet the borrower's request for full project financing at this time as *[insert reason, such as, "the loan maturity exceeds our credit policy"]*. To the best of our knowledge, financing of the total project cost is not available at interest rates and terms prevalent in our community.

[Insert Name of Lender], however, is willing to participate with Nebraska Economic Development Corp. in the SBA 504 loan program to benefit *[Insert Name of applicant]*. In this connection, the Bank's \$*[insert amount of TPL loan]* *[insert % of Project Cost]* would have an interest rate of *[insert complete interest rate, not just the initial rate]*. The note will be for a term of *[insert term]* to be amortized over *[insert amortization period]*.

The project is located at *[physical address of project property]*. The bank commitment is contingent upon the collateral and guarantors listed below:

The bank will be secured by a 1st Deed of Trust in the amount of *[Insert 1st lien amount]* on the real estate and improvements. Additionally, the bank will be secured by a first lien on the equipment associated with the purchase of the same project.

The respective borrowings will be signed individually by *[Insert guarantors]* and the bank will receive a guaranty of the borrowings from the operating entity, *[Insert operating company]*.

In addition, *[Insert Name of Lender]*, is willing to provide an interim loan in the amount of \$ *[insert amount of interim loan]* *[insert % of the Project Cost]* to be repaid from the proceeds of the debenture sale. This interim loan is to be secured by a *[insert lien position]* on the subject real estate. In addition, the SBA approval of this loan is conditioned upon the receipt by SBA from Bank of a one-time participation fee equal to one-half of one percent of the principal amount of the Bank loan attributable to the 504 project that is senior to SBA. *[Optional: This is conditioned on the final Bank approval as well as the approval by the Small Business Administration.]*

Sincerely

Name of Lending Official
Title