

3. Prepayments

Table 8.1 *Prepayment Timelines*

Date	Event
No less than 8 calendar days prior to the prepayment date	CDC submits the request for prepayment to the CSA via CDC Online.
From the 6th business day of the month until 5:00 PM EST on the 3rd Thursday of the month	<p>CSA publishes required prepayment amount on CDC online.</p> <p>CDC notifies the borrower of the amount required to prepay.</p>
Prepayment Date-3rd Thursday of the prepayment month, or the next business day following the 3rd Thursday if the 3rd Thursday is a holiday	<p>Borrower wires the prepayment prior to 5:00 PM Eastern.</p> <p>Prepayment may be made from the 6th of the month until 5:00 PM EST on the 3rd Thursday.</p>

A. Prepayment Calculation considers:

1. The remaining principal balance of the 504 Note at the next semi-annual debenture payment date;
2. The scheduled prepayment premium on the debenture (per the Debenture Prepayment Schedule);
3. All monthly principal and interest payments on the 504 Note up to and including the payment due on the debenture's semi-annual payment date;
4. CSA servicing fees up to and including the semi-annual debenture payment date;
5. SBA guarantee fees up to and including the semi-annual debenture payment date;
6. CDC fee for the month in which the 504 Note is prepaid (the fee that would have been paid in the payment on the first of the month following the date of prepayment);
7. If the borrower is not current, all accrued interest and fees;
8. All outstanding late fees, if not waived by the CDC; and
9. Any outstanding receivables, including "care and preservation" expenses incurred by the CDC and/or SBA.

B. Process Overview

1. 504 Loan prepayments must be scheduled no later than eight calendar days prior to the 3rd Thursday of the month in which the prepayment is to be made. Loans must be scheduled to pay off during the prepayment window, which ranges from the sixth business day of the month to the 3rd Thursday of the month. If the scheduling deadline of 8 calendar days prior to the 3rd Thursday is missed, the CSA can schedule loans to prepay up until the 3rd Wednesday of the month by request of the CDC via email. If requested via email, the CDC must provide the loan number, SBC name, debenture issue date, original debenture amount, prepayment date, and CDC contact name and fax number.

2. Upon request by the borrower for a prepayment estimate, the CDC may obtain the estimate via CDC Online. Prepayments can be scheduled and estimates can be provided up to six months in advance of the anticipated prepayment date.
3. The CDC should be aware of the semi-annual debenture payment dates when working with the borrower on scheduling a prepayment. If the borrower is approaching the semi-annual date for the loan, prepaying the loan the month before the semi-annual date instead of during or after the semi-annual date will save the borrower from paying up to an additional six months of interest, SBA fees, and CSA fees. The CDC fees are not collected for the period between the prepayment date and the semi-annual date for any loan that prepays.
4. The CDC must obtain the borrower's request to prepay the loan in writing.
5. After scheduling the prepayment, the CDC can print a confirmation letter from CDC Online.
6. The CDC must provide the official prepayment amount in writing to the borrower.
7. Prepayments must be made by wire transfer. No other form of payment (check, ACH, etc) will be accepted to pay off a loan. The wire can be accepted beginning at 8:00 AM EST on the sixth business day of the month, and must be received by the CSA no later than 5:00 PM EST on the prepayment date (the 3rd Thursday of the prepay month). Wiring instructions are included in the prepayment confirmation letter from the CSA. The wire must include the borrower's operating company name and the loan number.

Wells Fargo Bank, NA
 420 Montgomery Street,
 San Francisco, CA 94104
 ABA #: 121000248

Beneficiary Account #: 4000113241

Beneficiary Account Name: SBA 504 Master Deposit Account

Reference: Loan # _____ (insert 504 Loan #)

Borrower Name: _____ (insert Borrower name)

Attn: SBA 504

8. The prepayment will be rejected if funds are not received by the deadline; if funds are wired to any party other than the CSA; if funds are sent by check or any form of payment other than a wire; or if funds are not sufficient to pay the obligation in full.
9. If the loan does not prepay as scheduled, it is the responsibility of the CDC to change the prepayment date to another month or to delete the prepayment request.

C. Post Prepayment Activity

1. The release letter confirming the prepayment has been processed is generally available on CDC Online within two business days of the CSA receipt of the wire. However, there are a few notable exceptions:
 - a. Prepayment wires that are over \$1 million dollars will take an additional business day to post for every additional million dollars included in the wire. For