

# Big Sky Economic Development Corporation

An SBA Certified Development Company

## Loan Services Fee & Deposit Agreement

This agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between Big Sky Economic Development Corporation, a Montana not-for-profit corporation, herein referred to as Big Sky EDC, and

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Company Name

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Mailing address, City, State

herein after referred to as 'Small Business Concern' or SBC.

### **Big Sky EDC Services**

Big Sky EDC agrees to prepare, at the request of and with the assistance of SBC, a 504 Loan package including a complete set of forms, documents and supporting exhibits.

Big Sky EDC, a Small Business Administration Certified Development Company, agrees to submit SBC's application for financing through the Small Business Administration's 504 Loan Program upon approval by Big Sky EDC's Loan Review Committee. By submitting the Loan Package to the SBA, Big Sky EDC will be requesting that SBA guarantee a debenture issued by Big Sky EDC. If the loan package is approved by SBA, the proceeds of debenture sale will be used by Big Sky EDC to provide subordinated mortgage financing for the SBC in accordance with the terms and conditions of the SBA's Authorization and Debenture Guarantee hereafter referred to as 'Authorization'.

Because the terms of the loan Authorization grant the SBA the right to deny issuing a guarantee of the debenture based on the presence of certain future circumstances, Big Sky EDC does not guarantee the SBC that the loan will ultimately be funded.

### **Application and Deposit**

In consideration of Big Sky EDC's provision of the above described financing services, the SBC agrees to make a deposit in the amount of \$500 at the time this agreement is signed. The deposit will be refunded in full if the Big Sky EDC Loan Review Committee or the SBA declines the application (unless such decline is due to circumstances described below).

In the event that the loan application is withdrawn prior to SBA issuing the Authorization, or if the loan material is found to contain material inaccuracies, omissions, or representations on the part of the SBC which result in the loan's denial, then Big Sky EDC is authorized to retain the deposit as a reasonable fee for its financing services. Should other 'out of pocket' costs be incurred by Big Sky EDC for packaging and processing the SBC's loan application and the loan application is withdrawn prior to SBA issuing the Authorization, or if the loan material is found to contain material inaccuracies, omissions, or representations on the part of the SBC which will result in the loan's denial, then the SBC will be presented with documentation of these costs and will be obligated to reimburse Big Sky EDC for these costs within 10 business days of receipt of documented services.

### **Processing and Services Fees**

Upon sale of the 504 debenture, SBC agrees to pay the following one-time loan fees associated with the SBA 504 Loan. The fees include:

- CDC Processing Fee – a fee of 1.50% of the net debenture to Big Sky EDC to process the SBA 504 loan (if a loan is approved under the Small Business Jobs Act, this fee may be paid by the SBA)
- Funding Fee – a fee of 0.25% of the net debenture to cover costs incurred for public issuance of securities and the Trustee.
- Underwriter Fee – a fee of 0.40% of the net debenture to the to the debenture underwriters.

These fees are funded in the debenture and amortized over the life of the loan.

Two-thirds of the CDC loan origination fee (1%) shall be deemed earned and may be collected by Big Sky EDC when SBA issues the Authorization. The entire loan origination fee is deemed earned and may be collected by Big Sky EDC when the 504 debenture is sold. If the loan is cancelled for any reason after the Authorization is issued and signed by the SBC, the two-thirds portion of the loan origination fee (1%) shall be retained by the Big Sky EDC.

SBC agrees to pay a CDC Closing Fee of up to \$2,500 for Big Sky EDC staff and Big Sky EDC attorney fees for work performed in assembling this and other agreements between the SBA, Big Sky EDC and SBC including modifying or amending the terms, conditions or interest connected with the 504 loan. This is a one-time fee funded out of the gross debenture and amortized over the life of the loan.

SBC agrees to the following annual servicing fees based on the unpaid balance of the debenture:

- CDC Servicing Fee – 0.625% to Big Sky EDC as an annual servicing fee (0.125% of this amount is paid to SBA by Big Sky EDC)
- Central Servicing Agent Fee – 0.10% to the Central Servicing Agent
- Ongoing SBA Guarantee Fee – 0.749% to SBA as an ongoing guarantee fee.

The above annual servicing fees shall be paid monthly in accordance with the Central Servicing Agent (CSA) Agreement, which shall be executed prior to the Debenture sale. The annual servicing fee is included in the effective rate of the debenture.

SBC acknowledges and agrees to pay all closing costs not financed with the 504 loan including but not limited to title insurance, flood determination, filing fees, certified copies of organization documents from the Secretary of State, copying costs, overnight delivery and postage. Once funded, the initial deposit of \$500 will be applied towards these costs and the SBC will be responsible for any costs in excess of this amount.

SBC agrees to pay all other closing costs not financed into the SBA 504 loan, including any out of pocket expenses incurred during the closing process.

SBC agrees to the following other fees associated with the SBA 504 loan:

- Late Payment Fee - for loan payments received after the 15<sup>th</sup> of each month will be subject to a late payment fee of 5% of the late payment or \$100, whichever is greater.
- Assumption Fee – an assumption fee equal to 1% of the outstanding principal balance of the loan being assumed may be charged.

### **Environmental**

As a requirement of the SBA, all loans secured by real estate must have an environmental assessment completed. The minimum requirement is a Records Search and Risk Assessment Report. This report is ordered by Big Sky EDC and is completed by a third party. The cost of this is \$475 and is the responsibility of the borrower. This cost may be either included in the interim financing or paid by the borrower as an out-of-pocket expense.

### **Miscellaneous Conditions**

SBC acknowledges that Big Sky EDC may request additional information from the SBC as necessary to complete the loan package and/or respond to the requests from the Big Sky EDC Loan Review Committee,

SBA, or other participating lenders for further documentation or explanation of items in the loan package and may result in denial.

SBC acknowledges that a Big Sky EDC staff member has explained:

- The SBA 504 loan repayment penalty – Prior notice must be provided and loan must be prepaid in full, no partial prepayments permitted. 10-year sliding scale for prepayment penalty.
- Monthly payments will be made by the automatic electronic withdrawal (ACH) method from an account designated by the SBC on the 1<sup>st</sup> of each month.
- Conditions under which the SBA 504 loan is assumable – applicant will seek prior written consent from Big Sky EDC and SBA prior to committing to any assumption.
- How and when loan interest rates are determined – interest rate will be established at the time of the debenture sale and will be based on the 10-year Treasury yield plus an investor spread and servicing fees.

The borrower and all principals also understand that they are receiving funding from the Small Business Administration through a local public/private entity (Big Sky EDC). Therefore the borrower's name and amount requested from the SBA may be released to the general public.

The borrower/applicant also agrees to Big Sky EDC using information regarding the borrower and project for publicity purposes; photographs, stories, news articles. No proprietary or financial information will be disclosed.

By signing this agreement, the SBC authorizes Big Sky EDC to obtain personal credit reports on all principals of the SBC.

**Customer Identification Notice.** To help the government fight the funding of terrorism and money laundering activities, Federal law requires Big Sky EDC to obtain, verify, and record information that identifies each person who applies for a SBA 504 Loan. What this means is when you apply for a SBA 504 Loan, we will ask for information to identify you, such as a copy of your driver's license or other identification documents.

IN WITNESS WHEREOF, Small Business Concern and Big Sky EDC have executed this agreement in duplicate originals as of the first date written above.

**SMALL BUSINESS CONCERN**

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Signature

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Signature

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Signature

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Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

**BIG SKY ECONOMIC DEVELOPMENT CORPORATION**

By: \_\_\_\_\_

Brandon Berger, Loan Officer  
Name/Title