



## **Loan Services Fee & Deposit Agreement**

This agreement is made between the undersigned (the “Applicant”) and Big Sky Economic Development Corporation dba Big Sky Finance (“BSF”).

### **Part I           BSF SERVICES**

BSF agrees to prepare, at the request of and with the assistance of the Applicant, an SBA 504 loan package including a complete set of forms, documents and supporting exhibits.

BSF, a Certified Development Company (CDC), agrees to submit Applicant’s application for financing through the U.S. Small Business Administration’s 504-Loan Program upon approval by BSF’s Loan Review Committee. By submitting the loan package to the U.S. Small Business Administration (“SBA”), BSF will be requesting that SBA guarantee a debenture issued by BSF. If the loan package is approved by SBA, the proceeds of the debenture sale will be used by BSF to provide subordinated mortgage financing for the Applicant in accordance with the terms and conditions of the SBA’s Authorization for Debenture Guarantee (“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, BSF does not guarantee the Applicant that the loan will ultimately be funded.

### **Part II           APPLICATION DEPOSIT**

In consideration of BSF’s providing the above-described financing services, the Applicant agrees to make a deposit in the amount of \$500 at the time this agreement is signed.

- If BSF or the SBA declines the application, the deposit will be refunded in full unless the loan material is found to contain material inaccuracies, omissions or representations on the part of the Applicant which result in the loan’s denial, then BSF is authorized to retain the deposit as a reasonable fee for its financing services.
- If SBA approves the loan, the deposit will be applied to closing costs as discussed below.
- If the Applicant withdraws its loan application at any time before SBA issues the Authorization, BSF may deduct its reasonable and necessary costs incurred in packaging and processing the loan application and refund the remaining balance to Applicant.

### **Part III           PROCESSING AND SERVICING FEES**

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

- **SBA guarantee fee** – A fee equal to .00% of the net Debenture for loans approved on or after October 1, 2017.
- **CDC Processing Fee** – A fee equal to 1.50% of the net Debenture to BSF to process the SBA 504 loan.

Up to the lesser of two-thirds of this fee (1%), or \$2,500.00, shall be deemed earned and may be collected by BSF when SBA issues the Authorization. The entire processing fee is deemed earned and will be collected by BSF when the 504 debenture is funded. If the loan is cancelled for any reason after the Authorization is issued and signed by the Applicant, the amount collected, lesser of \$2,500 or the two-thirds portion of the loan processing fee (1%), shall be retained by the BSF. This fee is not part of the Applicant's equity contribution.

- **CDC Closing Fee** – A fee equal to \$2,500 for BSF staff and BSF attorney for work performed in closing the SBA 504 loan.
- **Funding Fee** – A fee equal to .25% of the net Debenture to cover the costs incurred for the public issuance of securities and the Trustee.
- **Underwriter's Fee** – A fee equal to .40% of the net Debenture to the debenture underwriters.

Applicant acknowledges and agrees to pay the following on-going servicing fees for the term of the SBA 504 loan. These fees will be included in the total monthly payment of the SBA 504 loan and are included in the effective rate of the debenture:

- **CDC Servicing Fee** – A monthly servicing fee to BSF up to .750% per annum on the unpaid balance of the SBA 504 loan as determined at five-year intervals. BSF is required to pay .125% of this fee to the SBA as an ongoing guarantee fee.
- **CSA Servicing Fee** – A monthly servicing fee to the Central Servicing Agent (CSA) of .10% per annum on the unpaid balance of the SBA 504 loan as determined at five-year intervals.
- **Ongoing SBA Guarantee Fee** – A monthly guarantee fee to SBA on the unpaid balance of the SBA 504 loan as determined at five-year intervals. *Note:* This fee is determined by the approval date of the Authorization. As of October 1, 2017, the fee is .642%. If the loan is a 504 Debt Refinance loan, the fee is .682%

Applicant acknowledges and agrees to the following other fees associated with the SBA 504 loan:

- **Late Payment Fee** – 504 loan payments received after the 15<sup>th</sup> of each month will be subject to a late payment fee of 5% of the payment amount or \$100, whichever is greater. The late fee is in addition to the regular monthly payment.
- **Assumption fee** – An assumption fee equal to 1% of the outstanding principal balance of the SBA 504 loan being assumed may be charged prior to approving any assumption.

#### **Part IV CLOSING COSTS**

Applicant 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 organizational documents from the Secretary of State, copying costs, overnight delivery and postage. Once funded, the initial deposit of \$500 will be applied toward these costs and the Applicant will be responsible for any costs in excess of this amount.

Applicant 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.

If the SBA 504 loan is cancelled for any reason after the Authorization is issued, the Applicant agrees to pay all out of pockets costs incurred by BSF over and above the initial deposit of \$500 within 30 days of date of invoice.

## **Part V CUSTOMER IDENTIFICATION NOTICE**

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

## **Part VI BUSINESS AND CREDIT INFORMATION**

Applicant authorizes BSF to obtain confidential personal, business and financial credit information about the Applicant and its principals from financial institutions, credit reporting agencies or other sources. BSF agrees all information received will be held in confidence and not divulged to persons or agencies, other than prospective lenders or guarantors.

## **Part VII ENVIRONMENTAL AND APPRAISAL**

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 may be ordered by BSF and is completed by a third party. The cost of this report is \$475 and is the responsibility of the Applicant. This cost may be included in the interim financing or paid by the Applicant as an out-of-pocket expense. Should the report indicate that further investigation is necessary, Applicant agrees to pay for additional environmental reports that will meet SBA requirements.

Applicant acknowledges BSF and SBA will require an appraisal of the real property securing the SBA 504 Loan. This appraisal may be shared with the participating lender. Applicant agrees to pay for the appraisal.

## **Part VIII ELIGIBLE PASSIVE COMPANY/OPERATING COMPANY**

Applicant acknowledges that should they chose to hold title to the real property as an eligible passive company (EPC) for lease to one or more operating companies (OC) for conducting the OC's business, the OC must lease 100% of the property from the EPC. The OC can sublease a portion of the property to another unrelated entity.

When acquiring an existing building, the Operating Company may sublease up to 49% of the Rentable Property. In the case of new construction, the Operating Company must immediately occupy at least 60% of the rentable property; may lease long term no more than 20% of the rentable property to one or more tenants; and must plan to occupy within three years some of the remaining rentable property not immediately occupied or leased long term. The Operating Company must plan to occupy within ten years all the rentable property not being leased long term.

Applicant acknowledges the rent or lease payments paid by the OC to the EPC cannot exceed the amount necessary to make the loan payment to BSF and the Third Party Lender and an additional amount to cover the EPC expenses of holding the property, such as maintenance, insurance and property taxes.

## **Part IX INFORMATION RELEASE**

Applicant acknowledges BSF may use information about Applicant and/or its affiliates for publicity purposes, i.e., news articles, pictures, etc. BSF will not disclose information regarding the financial condition of Applicant or its affiliates.

Applicant understands they are receiving funding from the Small Business Administration through a public/private entity (Big Sky EDC). Therefore, as a requirement of loan approval, borrower's name, amount requested from SBA (including percent of total SBA project financing), and name of business entity may be released to the public as part of a Big Sky EDC Board of Directors meeting.

