

## Timing

**Eligibility** The first step in the 504 process is determining if the project is eligible. For a quick overview refer to Premier Capital's SBA 504 Reference Guide, [www.504partner.com](http://www.504partner.com) or simply contact us directly to discuss your project.

**Application** We recommend a joint call with your prospect so we can review the 504 program, and if appropriate, help them complete the 504 application.

**Approval** Once your bank has approved the loan, the next step is to obtain loan approval from Premier Capital. Our approval is subject to the timely receipt of required documents. Our loan committee meets weekly as needed with decisions the same day.

**SBA Approvals** - To complete the process the SBA will need to issue three approvals (which can be simultaneous):

- ▶ One indicating their concurrence with Premier's loan committee decision
- ▶ Approval of the Appraisal
- ▶ Approval of the Environmental

## Closing

Once all three SBA approvals are received, Premier Capital's Closing Officer will facilitate closing the 504 portion of the financing with the bank, the borrower and the title company. If the project is a purchase transaction, we will do our best to make a simultaneous closing possible. If not, the bank can close and fund to accommodate transfer of ownership. The 504 closing can occur at a later date with the 504 funding occurring in the next available debenture sale.

If the project involves construction or renovations, it will need to be completed prior to the 504 closing. The 504 closing will be scheduled at least 30 days after the final lien waiver has been obtained to surpass the time allowed for any materialmen's or mechanics liens to be filed. **REMINDER:** At completion, the appraisal must be re-certified indicating compliance to the plan, specs and materials as presented in the original appraisal and submitted to the SBA for final approval.

### Closing Items Needed From Bank:

- ▶ Copies of the executed note(s) and mortgage(s) for the construction or permanent and interim financing
- ▶ Copy of the title insurance commitment or policy for the above financing
- ▶ Copy of the HUD Settlement Statement & verification of borrower injection
- ▶ Copies of AIA Certificates or whatever documentation the bank requires for construction/renovation draws
- ▶ A copy of the FEMA Flood Certificate obtained on the project property
- ▶ Wiring instructions for the debenture proceeds

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### Premier Capital Corporation

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**Appraisal** Must be current within 12 months of application to SBA

All 504 real estate projects will require an appraisal. In most cases your bank will order the appraisal. To meet SBA standards, the appraiser must be state-licensed or state certified and the appraisal comply with USPAP using one of the following:

- Self-contained appraisal report
- Summary appraisal report
- ▶ The appraisal must also be prepared on an "As-Is" market value or "As Complete" if construction or renovation is included in the project. At completion, the appraisal must be re-certified indicating compliance to the plan, specs and materials as presented in the original appraisal.
- ▶ **IMPORTANT** - The **U.S. Small Business Administration** must be listed as an intended user

**Environmental** Must be current within 6 months of application to SBA

All 504 real estate projects will require one of three types of environmental reports depending on the project and location. To determine the appropriate environmental, follow the flow chart on the opposite page.

If a Phase I or Phase II is required, the company completing the environmental must also provide the following:

A Phase I must contain a conclusion that either the risk of contamination is minimal **and** no further investigation is warranted or there is risk sufficient to warrant additional investigation including a detailed description of what is recommended.

A Phase I must be compliant with ASTM E1537-05 and must be mentioned in the report.

**IMPORTANT -  
REQUIRED FOR ALL  
PHASE I & II'S**

- **Reliance Letter signed by the environmental firm..... template available**

*Premier can email the template to your bank or directly to the environmental firm*

- **Errors & Omission Insurance**

*The environmental firm must provide evidence of their Errors & Omission Liability insurance policy with minimum coverage of \$1 million per claim (or occurrence)*

**Survey**

**No change in footprint or foundation** - if the project is the purchase of an existing building and there is no change to the footprint or foundation, the survey provided to the title company as a part of the purchase transaction is all that will be required.

**Change in footprint or foundation** - if the project involves the construction of a new building or renovations changing the footprint or foundation, an updated survey must be completed once the foundation has been poured. This update is required by the title company to remove any exceptions for boundary or easement encroachments and must be certified to the bank, the title company, Premier Capital Corporation and the US Small Business Administration.

**Advance & Structure**

The bank must provide permanent financing for at least 50% of the 504 project with a minimum commitment of at least half of the 504 term. The amount of equity required by the borrower will depend on the following:

For a 10% equity injection the project must meet the following:

- **The project qualifies as an expansion of an existing business (filed at least two full year tax returns)**
- **And - there is no change of ownership**
- **And - the building is classified as multipurpose**

An additional 5% is required if any one of the above is not met, and additional 10% if any two or all three are not met.

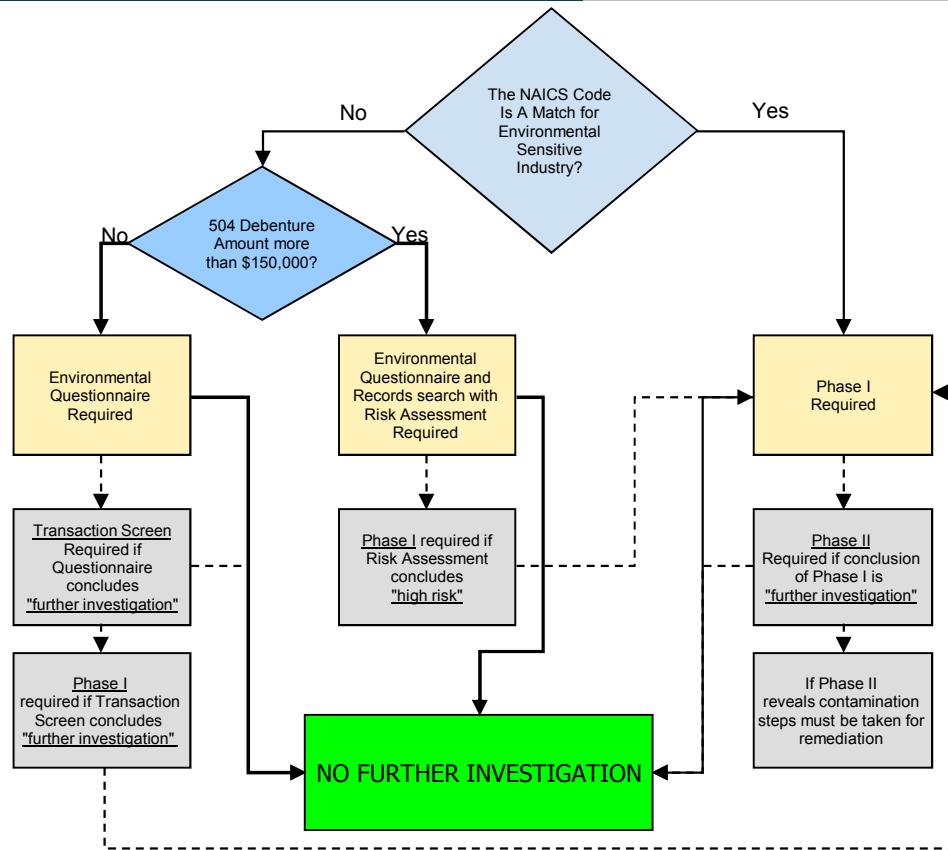
Once the equity injection is determined, the loans can be structured. If there is no construction or renovation, we recommend the bank structure two loans:

- **The permanent loan for your portion of the project - typically 50%**
- **An interim loan equal to the amount of the 504 portion of the project - typically 30% - 40%**  
**Your interim loan will be retired when the 504 loan is funded - usually 45 days from closing**

If construction or renovations are part of the project the bank will first provide the construction financing

# SBA 504 Environmental Guide

## Steps For SBA Environmental Investigation



## NAICS Codes For Environmentally Sensitive Industries

A PHASE I SHOULD ALWAYS BE OBTAINED IF THE BUSINESS SELLS, SUPPLIES OR DISPENSES FUEL, GAS, HEATING OIL OR LIQUEFIED PETROLEUM (LP) GAS, EVEN IF THE NAICS CODE FOR THE BUSINESS IS NOT IDENTIFIED ON THIS LIST OF ENVIRONMENTALLY SENSITIVE INDUSTRIES \*\*\*

A COMPLETE LIST OF INDUSTRIES AND CORRESPONDING NAICS CODES IS AVAILABLE ONLINE AT <http://www.census.gov/epcd/naics02/naicod02.txt>

211 OIL & GAS EXTRACTION  
 212 MINING (EXCEPT OIL & GAS)  
 213 SUPPORT ACTIVITIES FOR MINING  
 237 HEAVY & CIVIL ENGINEERING CONSTRUCTION  
 311 FOOD MANUFACTURING  
 312 BEVERAGE & TOBACCO PRODUCT MANUFACTURING  
 313 TEXTILE MILLS  
 314 TEXTILE PRODUCT MILLS  
 315 APPAREL MANUFACTURING  
 316 LEATHER & ALLIED PRODUCT MANUFACTURING  
 321 WOOD PRODUCT MANUFACTURING  
 322 PAPER MANUFACTURING  
 323 PRINTING & RELATED SUPPORT ACTIVITIES  
 324 PETROLEUM & COAL PRODUCTS MANUFACTURING  
 325 CHEMICAL MANUFACTURING  
 326 PLASTICS & RUBBER PRODUCTS MANUFACTURING  
 327 NONMETALLIC MINERAL PRODUCTS MANUFACTURING  
 331 PRIMARY METAL MANUFACTURING  
 332 FABRICATED METAL PRODUCT MANUFACTURING  
 333 MACHINERY MANUFACTURING  
 334 COMPUTER & ELECTRONIC PRODUCT MANUFACTURING  
 335 ELECTRICAL EQUIPMENT, APPLIANCE & COMPONENT MAN.  
 336 TRANSPORTATION EQUIPMENT MANUFACTURING  
 337 FURNITURE & RELATED MAN. (if finishing occurs on site)  
 339 MISCELLANEOUS MANUFACTURING  
 42311 AUTO & OTHER VEHICLES (if service bays present)  
 42314 MOTOR VEHICLE PARTS (USED) WHOLESALERS  
 4235 METAL & MINERAL MERCHANT WHOLESALER

42393 RECYCLABLE MATERIAL MERCHANT WHOLESALER  
 4246 CHEMICAL & ALLIED PRODUCTS MERCHANT WHOLESALERS  
 4247 PETROLEUM & PETROLEUM PRODUCTS WHOLESALERS  
 441 MOTOR VEHICLE AND PARTS DEALERS (if service bays present)  
 447 GASOLINE STATIONS  
 45431 FUEL DEALERS  
 481 AIR TRANSPORTATION  
 482 RAIL TRANSPORTATION  
 486 PIPELINE TRANSPORTATION  
 53212 TRUCK, UTILITY TRAILER, AND RV RENTAL & LEASING  
 53241 CONSTRUCTION, TRANSPORTATION, MINING & FORESTRY MACHINERY & EQUIPMENT RENTAL & LEASING  
 53249 COMMERCIAL & INDUSTRIAL MACHINERY & EQUIP. RENTAL & LEASING  
 54138 TESTING LABORATORIES  
 56171 EXTERMINATING & PEST CONTROL  
 562 WASTE MANAGEMENT & REMEDIATION SERVICES  
 62149 OTHER OUTPATIENT CARE CENTERS  
 6215 MEDICAL & DIAGNOSTIC CENTERS  
 6221 GENERAL MEDICAL & SURGICAL HOSPITALS  
 71391 GOLF COURSES & COUNTRY CLUBS  
 71392 SKIING FACILITIES  
 71393 MARINAS  
 7212 RV PARKS & RECREATIONAL CAMPS  
 8111 AUTOMOTIVE REPAIR & MAINTENANCE  
 8112 ELECTRONIC & PRECISION EQUIP. REPAIR & MAINTENANCE  
 8113 COMMERCIAL & INDUSTRIAL MACH. & EQUIP. REPAIR & MAIN.  
 8122 DEATH CARE SERVICES  
 8123 DRY CLEANING SERVICES (if dry cleaning operations on-site)