



U.S. Small Business Administration

NOTE
(CDC/504 LOANS)

SBA Loan #: _____ (1)
SBA Loan Name: _____ (2)
Date: _____ (3)
Loan Amount: _____ (4)
Borrower: _____ (5)
Operating Company: _____ (6)
CDC: _____ (7)

Funding Date: _____ (8) * Interest Rate: _____ (11) %
First Payment Due: _____ (9) * P&I Amount: \$ _____ (12)
Note Maturity Date: _____ (10) * Monthly Payment: \$ _____ (13)

(* blank at signing)

1. PROMISE TO PAY:

In return for the Loan, Borrower promises to pay to the order of CDC the amount of

_____ (14) Dollars,

interest on the unpaid principal balance, the fees specified in the Servicing Agent Agreement, and all other amounts required by this Note.

2. DEFINITIONS:

“Collateral” means any property taken as security for payment of this Note or any guarantee of this Note.

“Debenture” means the debenture issued by CDC to fund the Loan

“Guarantor” means each person or entity that signs a guarantee of payment of this Note.

“Loan” means the loan evidenced by this Note.

“Loan Documents” means the documents related to this loan signed by Borrower, Guarantor, or anyone who pledges collateral.

“SBA” means the Small Business Administration, an Agency of the United States of America.

“Servicing Agent Agreement” means the agreement between the Borrower and the CDC that, among other things, appoints a servicing agent (“Servicing Agent”) for this Note.

3. INTEREST RATE AND PAYMENTS:

The terms of the Debenture sale will establish the interest rate, P& I amount, and Monthly Payment for this Note. Borrower acknowledges that these terms are unknown when Borrower signs this Note.

- A. Once established, the interest rate is fixed. Interest begins to accrue on the Funding Date.
- B. Monthly Payments are due on the first business day of each month, beginning on the First Payment Date and continuing until the Note Maturity Date, when all unpaid amounts will be due. Borrower must pay at the place and by the method the Servicing Agent or CDC designates. The Monthly Payment includes the monthly principal and interest installment (P & I Amount), and the monthly fees in the Servicing Agent Agreement. The Servicing Agent will apply regular Monthly Payments in the following order: 1) monthly fees, 2) accrued interest, and 3) principal.

4. LATE-PAYMENT FEE:

CDC charges a late fee if the Servicing Agent receives a Monthly Payment after the fifteenth day of the month when it is due. The late fee is five percent of the payment amount, or \$100.00, whichever is greater. The late fee is in addition to the regular Monthly Payment.

5. RIGHT TO PREPAY:

Borrower may prepay this Note in full on a specific date each month set by the Servicing Agent. Borrower may not make partial prepayments. Borrower must give CDC at least 45 days' prior written notice. When it receives the notice, CDC will give Borrower prepayment instructions. At least 10 days before the payment date, Borrower must wire a non-refundable deposit of \$1,000 to the Servicing Agent. The Servicing Agent will apply the deposit to the prepayment if Borrower prepays. In any prepayment, Borrower must pay the sum of all of the following amounts due and owing through the date of the next semi-annual Debenture payment:

- A. Principal balance;
- B. Interest;
- C. SBA guarantee fees;
- D. Servicing agent fees;
- E. CDC servicing fees;
- F. Late fees;
- G. Expenses incurred by CDC for which Borrower is responsible; and
- H. Any prepayment premium.

6. PREPAYMENT PREMIUM:

If Borrower prepays the Note in accordance with the terms of the Debenture (SBA Form 1504), Borrower must pay a prepayment premium. The formula for the prepayment premium is specified in the Debenture and may be obtained from CDC.

7. DEFAULT:

Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower or Operating Company:

- A. Fails to do anything required by this Note and other Loan Documents;
- B. Defaults on any other loan made or guaranteed by SBA.
- C. Does not preserve or account to CDC's satisfaction for any of the Collateral or its proceeds;
- D. Does not disclose, or anyone acting on their behalf does not disclose, any material fact to CDC or SBA;
- E. Makes, or anyone acting on their behalf makes, a materially false or misleading representation to CDC or SBA;
- F. Defaults on any loan or agreement with another creditor, if CDC believes the default may materially affect Borrower's ability to pay this Note;
- G. Fails to pay any taxes when due;
- H. Becomes the subject of a proceeding under any bankruptcy or insolvency law;
- I. Has a receiver or liquidator appointed for any part of their business or property;
- J. Makes an assignment for the benefit of creditors;
- K. Has any adverse change in financial condition or business operation that CDC believes may materially affect Borrower's ability to pay this Note;

- L. Reorganizes, merges, consolidates, or otherwise changes ownership or business structure without CDC's prior written consent, except for ownership changes of up to 5 percent beginning six months after the Loan closes; or
- M. Becomes the subject of a civil or criminal action that CDC believes may materially affect Borrower's ability to pay this Note.

8. CDC'S RIGHTS IF THERE IS A DEFAULT:

Without notice or demand and without giving up any of its rights, CDC may:

- A. Require immediate payment of all amounts owing under this Note;
- B. Collect all amounts owing from any Borrower or Guarantor;
- C. File suit and obtain judgment;
- D. Take possession of any Collateral; and,
- E. Sell, lease, or otherwise dispose of, any Collateral at public or private sale, with or without advertisement.

9. CDC'S GENERAL POWERS:

Without notice and without Borrower's consent, CDC may:

- A. Bid or buy at any sale of Collateral by Lender or another lienholder, at any price it chooses;
- B. Incur expenses to collect amounts due under this Note, enforce the terms of this Note or any other Loan Document, and preserve or dispose of the Collateral. Among other things, the expenses may include payments for property taxes, prior liens, insurance, appraisals, environmental remediation costs, and reasonable attorney's fees and costs. If CDC incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance;
- C. Release anyone obligated to pay this Note;
- D. Compromise, release, renew, extend or substitute any of the Collateral; and
- E. Take any action necessary to protect the Collateral or collect amounts owing on this Note.

10. FEDERAL LAW:

When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. CDC or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

11. SUCCESSORS AND ASSIGNS:

Under this Note, Borrower and Operating Company include the successors of each, and CDC includes its successors and assigns.

12. GENERAL PROVISIONS:

- A. All individuals and entities signing this Note are jointly and severally liable.
- B. Borrower authorizes CDC, the Servicing Agent, or SBA to complete any blank terms in this Note and any other Loan Documents. The completed terms will bind Borrower as if they were completed prior to this Note being signed.
- C. Borrower waives all suretyship defenses.
- D. Borrower must sign all documents necessary at any time to comply with the Loan Documents and to enable CDC to acquire, perfect, or maintain CDC's liens on Collateral.
- E. CDC may exercise any of its rights separately or together, as many times and in any order it chooses. CDC may delay or forgo enforcing any of its rights without giving any up.
- F. Borrower may not use any oral statement to contradict or alter the written terms of, or raise a defense to, this Note.
- G. If any part of this Note is unenforceable, all other parts remain in effect.
- H. To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, including presentment, demand, protest, and notice of dishonor. Borrower also waives any defenses based upon any claim that CDC did not obtain any guarantee; did not obtain, perfect, or maintain a lien upon Collateral; impaired Collateral; or did not obtain the fair market value of Collateral at a sale.

13. STATE-SPECIFIC PROVISIONS:

(15)

14. BORROWER'S NAME(S) AND SIGNATURE(S):

By signing below, each individual or entity becomes obligated under this Note as Borrower.

(16)

ASSIGNMENT: CDC assigns this Note to SBA.

By: _____ (17) Date: _____ (18)

Typed Name: _____, authorized officer of CDC.

INSTRUCTIONS FOR 504/CDC NOTE (SBA FORM 1505) (04-18)

- (1) Insert SBA Loan Number.
- (2) Insert SBA Loan Name.
- (3) Insert the date that the 504 Note is executed by Borrower.
- (4) Insert, in numbers only, the amount of the Note. This amount will also be the amount of the Debenture.
- (5) Insert the name of each Borrower.
- (6) Insert the name of the Operating Company. If the Operating Company is a Borrower (the Loan is not an EPC Loan) enter N/A.
- (7) Insert CDC name and CDC's 5-digit number assigned to it by SBA.
- (8) Insert Funding Date.
- (9) Insert the First Payment Due Date. The First Payment Due Date will be the first day of the month following the Funding Date. For example, the First Payment Due Date for loans which fund on August 15, 2018 will be September 1, 2018.
- (10) Insert the Note Maturity Date. The Maturity Date will always be the first date of the calendar month in which the underlying 504 Debenture is sold (the Funding Date) plus 10, 20 or 25 years as applicable. For 504 Loans which fund on August 15, 2018 the Maturity Date will either be August 1, 2028 (10-year debenture), August 1, 2038 (20-year debenture) or August 1, 2043 (25-year debenture). The 504 Note, Debenture and Servicing Agent Agreement must all set forth and identical Maturity Date.
- (11) Interest Rate: LEAVE BLANK; CSA will insert this rate after the sale of the Debenture.
- (12) P&I Amount: LEAVE BLANK; CSA will insert P&I amount after the sale of the Debenture.
- (13) Monthly Payment (with fees): LEAVE BLANK; CSA will insert monthly payment (with fees) after the sale of the Debenture.
- (14) Principal Amount: Insert in words, the Note amount. For example, \$500,000.00 would be "Five Hundred Thousand and 00/100" Dollars.
- (15) State-Specific Provisions: In the event that the National 504 Authorization Boilerplate requires state specific provisions, insert here.
 - (a) State-specific requirements are currently required for
 - i. Alaska (when Borrower is resident of Alaska);
 - ii. California (*when lien is on residential property*);
 - iii. Delaware (when Borrower is resident of Delaware);
 - iv. Maryland (when Borrower is resident of Maryland);
 - v. Missouri (when Borrower is resident of Missouri);

- vi. Ohio (when Borrower is resident of Ohio);
- vii. Pennsylvania (when Borrower is resident of Pennsylvania);
- viii. Virginia (when Borrower is resident of Virginia); and
- ix. Wisconsin (when Borrower is resident of Wisconsin).

(b) Do not insert any provisions or additions to the Note which have not been approved by SBA Central Office.

(c) If there are no state-specific provisions, then insert "None" or "N/A" for Not Applicable and cross-out the remainder of the page.

(16) Insert an appropriate signature block for the Borrower(s) set forth in Block (5).

(17) The CDC executes the Note to assign the same to SBA. The name and title of the officer of the CDC (set forth in the CDC Resolution) should be typed below his/her signature. If required by state law or the CDC's own requirements, another officer should attest.

(18) Insert the date that CDC executed the Assignment of the 504 Note. Must be on or after the date executed by Borrower(s).