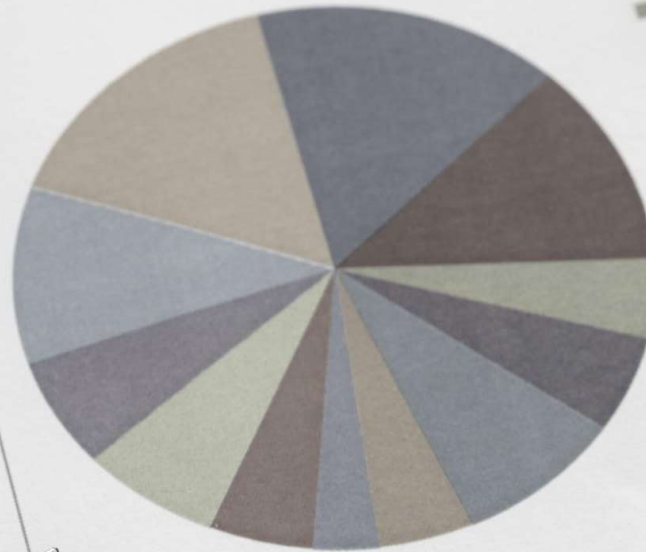

MASTERS OF 504 LENDING SERIES

CLOSING PROCESS



TODAY'S DISCUSSION

- Meet The Closing Department
- When is a Loan Ready to Close?
- Our New Closing Process
- SBA's New Closing Deadlines
- NAC Memo
- Use of Proceeds/Injection
- Problems in Closing
- Smoother Closing Process



125,058	154,568	95,054	124,500
5,487	56,845	97,511	125,000
	110,000	99,011	154,000
		99,216	95,000
		101,090	154,200
			110,000
			99,000

TODAY'S PRESENTER



KAY S. WARD

Vice President / Closing Manager
Mountain West Small Business Finance

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Office 801.412.3760

Cell 801.573.6310

www.mwsbf.com

Kay has been with Mountain West Small Business Finance since 1993 and brings almost 30 years of experience in SBA 504.

**GOLDIE OLSON,
SENIOR CLOSING
SPECIALIST**



JENNIE CARTER,
SENIOR CLOSING
SPECIALIST



NATE PAUL,
CLOSING SPECIALIST



**DERRIC JENSEN,
CLOSING SPECIALIST**



**MISSY SMITH,
PRE-CLOSING SPECIALIST**



**JULIE DUNFORD,
CLOSING INSURANCE
SPECIALIST**





WHEN IS A LOAN READY TO CLOSE?

Certain Things Must Be Complete Before We Can Start The Closing Process

- **Straight Purchase Deals**
 - TPL loan must be closed, recorded and 100% disbursed.
 - TPL must send us all of their closing documents.
 - Borrower must occupy the building.
 - Simultaneous Closings are an option (love them!) – TPL loan must be disbursed before we can record our closing documents
- **Construction Deals**
 - Construction must be complete, Full Certificate of Occupancy must be issued by the city.
 - TPL loan must be 100% disbursed.
 - TPL must send us all of their closing documents.
- **Equipment Deals**
 - Equipment must be purchased and installed in the building.
 - TPL loan must be 100% disbursed.
 - TPL must send us all of their closing documents.
- There are ALWAYS exceptions, but we will deal with those on a case by case basis.

OUR NEW CLOSING PROCESS



A CLOSING SPECIALIST WILL BE ASSIGNED TO EVERY DEAL WHEN THE AUTHORIZATION IS APPROVED AND SENT BY SBA

A Phone Call Will Be Set Up By The MWSBF Loan Officer on Every Deal Once:

- **The Authorization is Approved**
- **The Appraisal and Environmental Approvals have been received.**

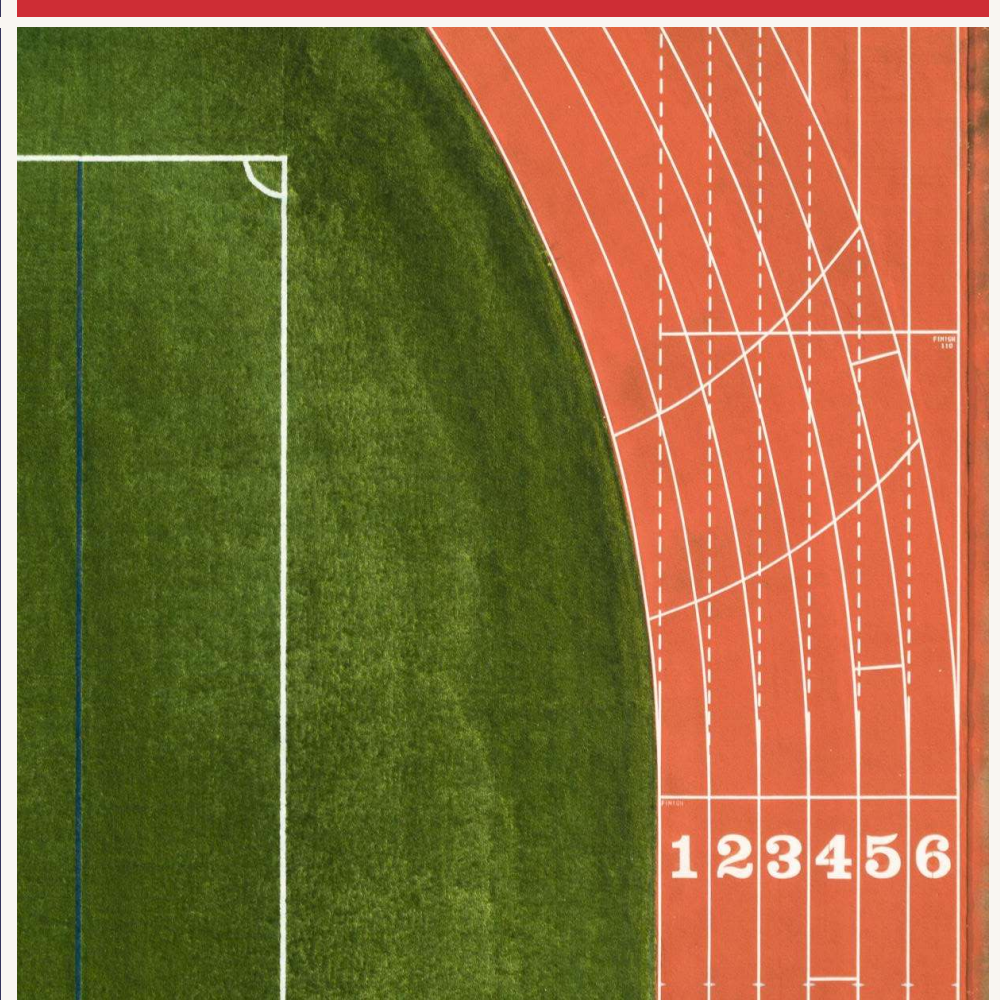
This phone call will include the MWSBF Loan Officer, Loan Specialist, Closing Specialist, Third Party Lender and the Borrower. During this call we will go over the following requirements that are found in the authorization:

- **Occupancy / Tenants and Tenant Subordination**
- **Life Insurance**
- **Confirm Project Costs, Percentages and Lending**
- **Any Special Requirements that have been added by SBA.**
- **Is the property in a flood zone – must have flood insurance!**

HOW IS THIS HELPFUL?

Assigning a closing specialist at the time of the authorization is helpful because:

- The borrower and third party lender will only have one closing contact to help them through the closing process until the loan funds.
- On construction deals, the assigned closing specialists will track the completion of the project.



SBA'S NEW CLOSING DEADLINES

NEW STANDARDIZATION OF DISTRICT COUNSEL CUT OFF DATES

- With the issuance of the FY2023 Funding Calendar SBA standardized cut off dates when 504 Loan Closing Packages must be received by SBA Counsel

NO LATE PACKAGES – NO EXCEPTIONS

- Must submit **complete** package to district counsel by the district cutoff date.
- **Authorization:** All 327s approved before package submitted to district counsel & must be made available to the district counsel by the district cutoff date. (SOP 50 10 6; Part 2, Section C, Ch. 2, para 6(a)(iii), page 507)
- **Loan Docs:** All docs on the Debenture Closing Checklist should be submitted by the district cutoff date.



SBA 504 DEBENTURE FUNDING CALENDAR ~ 2023

CUT-OFF DATES for REGION 8: CO, MT, ND, SD, UT & WY

Months with an asterisk/* include Funding for 10-year debentures. (20 & 25-year debentures are offered monthly)

*	MONTH OF FUNDING	List of Loans DUE Date to District Office	NATIONAL DISTRICT CUT-OFF DATE	CSA CUT-OFF DATE	PULLED LOAN DEADLINE DATE	ANNOUNCEMENT DATE	DEBENTURE PRICING DATE	FUNDING DATE
*	JAN FUNDING	12/02/22	12/08/22	12/22/22	12/30/22	01/03/23	01/05/23	01/11/23
	FEB FUNDING	01/06/23	01/12/23	01/26/23	02/06/23	02/07/23	02/09/23	02/15/23
*	MAR FUNDING	02/03/23	02/09/23	02/23/23	03/06/23	03/07/23	03/09/23	03/15/23
	APR FUNDING	03/03/23	03/09/23	03/23/23	04/03/23	04/04/23	04/06/23	04/12/23
*	MAY FUNDING	04/07/23	04/13/23	04/27/23	05/08/23	05/09/23	05/11/23	05/17/23
	JUNE FUNDING	05/05/23	05/11/23	05/25/23	06/05/23	06/06/23	06/08/23	06/14/23
*	JULY FUNDING	06/02/23	06/08/23	06/22/23	07/03/23	07/05/23	07/06/23	07/12/23
	AUG FUNDING	07/07/23	07/13/23	07/27/23	08/07/23	08/08/23	08/10/23	08/16/23
*	SEPT FUNDING	08/04/23	08/10/23	08/24/23	09/01/23	09/05/23	09/07/23	09/13/23
	OCT FUNDING	09/01/23	09/07/23	09/21/23	10/02/23	10/03/23	10/05/23	10/11/23
*	NOV FUNDING	10/06/23	10/12/23	10/26/23	11/06/23	11/07/23	11/09/23	11/15/23
	DEC FUNDING	11/03/23	11/08/23	11/22/23	12/04/23	12/05/23	12/07/23	12/13/23

2023 DEBENTURE FUNDING CALENDAR

NAC EXAMPLES

- SOP Part 2, Section C, Ch 2. 6.a.iv. Each CDC must issue a written opinion based upon financial statements current within 120 calendar days from the published Central Servicing Agent (CSA) Cut-Off Date for the applicable Debenture Funding Date that to the best of its knowledge there has been no unremedied substantial adverse change in the Applicant's (or Operating Company's) ability to repay the 504 loan since its submission of the loan application to SBA. This CDC opinion must be made within 14 business days prior to its submission of its opinion to SLPC and supported by financial statements that are dated no earlier than 120 calendar days from the published CSA Cut-Off Date for the applicable Debenture Funding Date.

Financial Statement Date	NAC Approval Date	CSA Cut-Off Date	Funding Date	NAC Acceptable?
9/30/2022 120 days would be 1/30/2023	1/12/2023	1/26/2023	2/15/2023	✓
8/30/2022 120 days would be 12/30/2022	12/26/2022	1/26/2023	2/15/2023	⚠
7/31/2022 120 days would be 11/30/2022	1/12/2023	1/26/2023	2/15/2023	✗
8/30/2022 120 days would be 12/30/2022	11/12/2022	1/26/2023	2/15/2023	✗



USE OF PROCEEDS

We have to provide SBA with documentation of the Use of Proceeds on Every Loan

Straight Purchase Requirement

- Certified Settlement Statement for Building Purchase – Purchase Price must match the authorization

Equipment Requirement

- Bids, invoices and copies of cancelled checks – amounts must match the authorization

Construction Requirement

- Certified Settlement Statement for Land Purchase – Purchase Price must match the authorization
- Copies of Invoices and Cancelled Checks
- Final Construction Bid and Change Orders
- Bank Ledger (Draws) with the following information:
 - Date of Check
 - Payee Information
 - Payee Purpose
 - Amount of Check

INJECTION

PROOF OF THE BORROWERS CONTRIBUTION EXAMPLES

- Certified Settlement Statement to Show Down Payment
- Invoices and copies of cancelled checks
- Bank statement/ledger showing interest paid

WHAT CAN CAUSE PROBLEMS IN CLOSING?

- Third Party Lender Deeds/Notes don't match the authorization.
- Unauthorized blanket UCC Filings from other lending institutions.
- Title Issues – i.e. mechanics liens, unauthorized liens
- Life Insurance Assignment
- Occupancy Issues
- Change in Ownership / Adding new entities
- Project is in a flood zone and there is no flood insurance
- Condo Association
- Address issues on construction deals
- Billboards / Cell Towers Leases
- Tenant Subordinations
 - Any tenant that has signed a lease, must sign a tenant subordination for SBA

WHAT HELPS THE CLOSING PROCESS GO SMOOTHER?

- Communication, Communication, Communication!
- All parties on the authorization phone call.
- Simultaneous Close for Straight Purchase Deals.
- Good communication between the closer and TPL on Construction Deals.
 - Let us know when the project is 30 days away from completion (we will also be checking with you!)
- Realistic timelines set for the borrower.
 - Once a loan comes to closing it takes 45-60 days for the loan to fund.

QUESTIONS?

