

Sample Bank Letter of Commitment  
SBA 504 program

Date

Name of CDC contact  
Title of CDC contact  
Name of CDC  
Address of CDC  
City, State Zip Code

RE: Name  
Address, City, State

Dear *[name of CDC contact]*:

*[Insert Name of Lender]* has reviewed the borrower's application for a \$ \_\_\_\_\_ loan for full project financing for the purchase and improvements of the real estate located at *[insert address, city, state]*. This Bank is not in a position to meet the borrower's request for full project financing at this time as the loan maturity exceeds our credit policy. To the best of our knowledge, financing of the total project cost is not available at interest rates and terms prevalent in our community.

*[Insert Name of Lender]*, however, is willing to participate with *[insert name of CDC]* in the SBA 504 loan program to benefit *[Insert Name]*. In this connection, the Bank's \$ \_\_\_\_\_ loan (50% of Project Cost) would have an initial rate of interest at *[insert interest rate]*. The note will be for a term of *[insert term]* to be fully amortized over the loan term. This loan is to be secured by a first security lien on the subject real estate.

In addition, *[Insert Name of Lender]*, is willing to provide an interim loan in the amount of \$ (40% of the Project Cost) to be repaid from the proceeds of the debenture sale. This interim loan is to be secured by a second security lien on the subject real estate. In addition, the SBA approval of this loan is conditioned upon the receipt by SBA from Bank of a one-time participation fee equal to one-half of one percent of the principal amount of the Bank loan attributable to the 504 project that is senior to SBA (currently waived under ARRA). ***This is conditioned on the final Bank approval as well as the approval by the Small Business Administration.***

Sincerely,

Name of Lending Official  
Title