



U.S. Small Business
Administration

SBA 504 Loan Authorization

ETRAN Data Entry Guide

Version 1

Loan Authorization

The following pages cover a section-by-section breakdown of the Loan Authorization and where those data fields are mapped in ETRAN.

Table of Contents

Click any topic below to navigate directly to the correct slide.

Topic	Pages
<u>General Loan Info & Preamble</u>	4-5
<u>Section A: Project to be Financed</u>	6
<u>Section B: Project Financing</u>	7-11
<u>Debenture Proceeds</u>	7
<u>Interim Financing</u>	8
<u>Permanent Third Party Lender</u>	9
<u>Borrower Contribution</u>	10
<u>Borrower Fees</u>	11
<u>Section C: The Note</u>	12
<u>Section D: Collateral Conditions</u>	13-21
<u>Real Estate</u>	13-15
<u>Personal Property</u>	16
<u>EPC/OC Assignment of Rents</u>	17
<u>Guarantees</u>	18-20
<u>State-Specific Verbiage</u>	21

Topic	Pages
<u>Section E: Additional Conditions</u>	22-39
<u>Insurance Requirements</u>	22-25
<u>Environmental</u>	26
<u>Misc. Additional Conditions</u>	27
<u>Other Funding Sources</u>	28
<u>Optional Lease Language</u>	29
<u>Franchise</u>	30
<u>Additional Injection</u>	31-33
<u>Standby Debt</u>	34
<u>Appraisal</u>	35
<u>Construction Provisions</u>	36
<u>Yearly Financials Requirement</u>	37
<u>Occupancy</u>	38
<u>Limitation Conditions</u>	39
<u>Section F: Debenture Sale Conditions</u>	40
<u>Section G: Signature Lines</u>	41
<u>ETRAN Loan Authorization Contact Info</u>	42

General Loan Info & Preamble

Loan Authorization Language	ETRAN Category and/or Field Location
1 SBA loan name	<i>DBA name (if applicable) or Operating Company name</i>
2 CDC Office Address	<i>This information is tied to your Location ID in ETRAN. The PIMS module is where you would update your Org name and address.</i>
3 SBA District Office Information	<i>Auto-populates based on project property address</i>
4 Debenture Term	Application Info > Debenture Maturity
5 Debenture Amount	Application Info > Total Debenture Amount

SBA Loan #	[MISSING DATA]
SBA Loan Name 1	Death Star Enterprises
Approval Date	

CDC: 2

U.S. Small Business Administration (SBA) 3

SAN DIEGO DISTRICT OFFICE
550 West C Street
Suite 550
San Diego, CA 92101 -3500 4

SBA will guarantee, under the following terms and conditions, a 25 year Debenture ("Debenture") in the amount of \$954,000.00 to be issued by CDC and used to fund a 504 Loan (the "Loan") to assist: 5

- New Lender
- Application Info
- Use of Proceeds
- Lender Comments
- Project Info
- Borrowers
 - 1. * Death Star Enterpris
 - Principals
 - 1. Anakin Skywalker
 - Personal Financials
 - 2. Padme Skywalker

Underwriting

Underwriting Authority SBA

504 Name Death Star Enterprises, Inc.

* Total Debenture Amount 5 \$954,000.00

* SBA Guaranty Percentage 100.00 %

* Debenture Maturity 4 300 months

* Interest Structure Fixed v

General Loan Info & Preamble

Loan Authorization Language	ETRAN Category and/or Field Location
1 Borrower	Borrowers
2 Operating Company	Borrowers or Guarantors

1

Borrower EPC:

1. Mill Valley Holdings, Inc. (EPC)
0228 MAGEE AVE
MILL VALLEY, CA - 94941

2

Operating Company

1. Mill Valley Taco Shop, LLC dba Foggy Tacos (Guarantor)
0228 MAGEE AVE
MILL VALLEY, CA - 94941

2. Mill Valley Ice Cream, LLC dba Foggy Creamery (Guarantor)
0228 MAGEE AVE
MILL VALLEY, CA - 94941

Project Info

- 1 ▼ Borrowers
 - ▶ 1. Mill Valley Holding
 - ...New Borrower
- ▼ Guarantors
 - ...1. Mill Valley Taco Shop, I
 - ...2. Mill Valley Ice Cream, L
 - ▼ 3. Millie Q La Valley
 - ...Personal Financials
 - ...New Guarantor

Tax ID:

* Name:

(Doing business as) Trade Name:

* Primary Business?: Yes No

* EPC or Operating Company?:

* Legal Organization Type:

- ...New Borrower
- 2 ▼ Guarantors
 - 1. Mill Valley Taco Shop
 - ...2. Mill Valley Ice Cream, L
 - ▼ 3. Millie Q La Valley
 - ...Personal Financials

Tax ID:

* Name:

(Doing business as) Trade Name:

* Operating Company?: Yes No



Section A: Project to be Financed

Loan Authorization Language	ETRAN Category and/or Field Location
1 A.1. Project Property	Use of Proceeds > Sub Proceeds
2 A.2. Project Costs	Use of Proceeds

SubProceeds selected in Construction/Remodeling will affect Occupancy Requirements

A. PROJECT TO BE FINANCED:

1. Project Property ("Project Property")

Debt Proceeds will be used as a part of financing for:

1 a. the purchase of land and existing improvements and located at 0228 MAGEE AVE, MILL VALLEY, CA - 94941

2. Project Costs ("Project Costs") include:

a. Purchase Land	\$0.00
b. Purchase Land & Building	\$500,000.00
c. Construction/Remodeling	\$0.00
d. Purchase/Install Equipment	\$0.00
e. Debt to be refinanced	\$0.00
f. Eligible Business Expenses under Debt Refinancing	\$0.00
g. Other Expenses (construction contingencies, interim interest)	\$0.00
h. Professional Fees	\$0.00
i. TOTAL Project Cost	\$500,000.00

- Eligibility
 - ▼ Third Party Lenders
 - 1. Bank of America, Natic
 - 2. Bank of America, Natic
 - New Lender
- Application Info
 - Use of Proceeds**
 - Lender Comments
 - Project Info
- ▼ Borrowers
 - 1. Mill Valley Holding
 - ▼ Principals
 - 1. Cooper Shaw
 - Personal Financie

Use of Proceeds , Application		
Code - Description	Proceed Reference	Value
E01 - Land only	Proceed Amount	<input type="text"/>
[+] Add		
E02 - Purchase Land and Existing Building, if applicable	Proceed Amount	\$500,000.00 2
	Comment	<input type="text"/>
[+] Add		
Sub Proceeds Description		Amount
1 [1] the purchase of land and existing improvements and located at 0228 MAGEE AVE, MILL VALLEY, CA 94941-1000.		\$500,000.00
E04 - Building (Construction.		



TIPS

- Eligible Business Expenses added to the project costs
- Fixtures Removed
- Refinanced Debt lender removed from A.2. and moved to A.1.

Section B: Project Financing Debenture Proceeds

Loan Authorization Language	ETRAN Category and/or Field Location
B.1. Debenture Proceeds	Application Info > Debenture Pricing

- Primary Lender
- Eligibility
- ▼ Third Party Lenders
 - 1. Bank of America, Natic
 - 2. Bank of America, Natic
- New Lender
- Application Info
- Use of Proceeds
- Lender Comments
- Project Info
- ▼ Borrowers
 - 1. Mill Valley Holding
 - ▼ Principals
 - 1. Cooper Shaw
 - Personal Financia
 - New Principal
 - New Borrower

Debenture Pricing

From SBA Form 1244 (09-16 Previous editions obsolete)

*** Net Debenture Amount**

*** CDC Processing Fee Paid Separate?** Yes No

A.	SBA Share	40.00% of Project Cost
B. Administrative Costs		
1.	SBA Guaranty Fee	\$1,000.00
2.	Funding Fee	\$500.00
3.	CDC Processing Fee	<input style="border: 1px solid #ccc;" type="text" value="\$3,000.00"/>
4.	* Closing Costs	<input style="border: 2px solid #0056b3;" type="text" value="\$2,500.00"/>
5.	Other Closing Costs	<input style="width: 80px;" type="text" value="\$0.00"/>
6.	Total (Sum of B1 through B5)	\$7,000.00
7.	Underwriters Fee	\$832.00
8.	Total (B6 plus B7)	\$7,832.00
C.	Gross Debenture Amount (A plus B8)	\$208,000.00
D.	Balance to Borrower	\$168.00

B. PROJECT FINANCING

1. **Debenture Proceeds:** Debenture Proceeds will be used to pay Administrative Costs and the final 40.00% of the total Project Cost. Prior to the Debenture sale, the CDC conducts a 504 Loan Closing ("504 Loan Closing"), and forwards copies of the closing documents to SBA. After review and approval, CDC forwards the closing documents for Debenture Sale. At or prior to the 504 Loan Closing, Borrower, Operating Company and CDC must sign a Servicing Agent Agreement certifying as to the actual use of the Debenture Proceeds and authorizing a Central Servicing Agent ("CSA") to handle all disbursements and payments under the Debenture.
 - a. SBA/CDC Share: 40.00% of total Project Cost ("Net Debenture Proceeds") \$200,000.00
 - b. Administrative Costs ("Administrative Costs")
 1. SBA Guaranty Fee (a. x 0.005) \$1,000.00
 2. Funding Fee (a. x 0.0025) \$500.00
 3. CDC Processing Fee
 - i. CDC Processing Fee \$3,000.00 \$3,000.00
 4. Closing Costs
 - i. CDC Closing Fee (not to exceed \$2,500) \$2,500.00
 - ii. Other Out of Pocket Closing Costs (excluding legal fees) \$0.00 \$2,500.00
 5. Subtotal(b.1 through b.4) \$7,000.00
 6. Underwriters Fees* \$832.00
 7. Total (b.5 plus b.6) \$7,832.00
 - c. Total Debenture Amount ("Gross Debenture Proceeds") (a. Plus b.7, rounded up to next thousand) \$208,000.00
 - d. Balance to Borrower (c. minus (a. plus b.7)) \$168.00

* Underwriters fee calculated as follows: For 20 and 25 year Debentures, the sum of a. and b.5 divided by 0.99600; round this number up to the next highest thousand; multiply this number by 0.00400.
For 10 year Debentures, the sum of a. and b.5 divided by 0.99625; round this number up to the next highest thousand; multiply this number by 0.00375.



Section B: Project Financing Interim Financing

Loan Authorization Language	ETRAN Category and/or Field Location
1 B.2. Interim Financing	Third Party Lenders > Type of Lender > Interim
NOTE: The Interim Lender Name is tied to their Location ID within ETRAN. The name cannot be modified unless the lender modifies their name within the PIMS module.	
2 Interim Lender Amount	Application Info > Net Debenture Amount

2. Interim Financing (paid off by the Debenture):
 - a. Interim Lender: An interim loan in the total principal amount of \$200,000.00 will be provided by the following lender(s) ("Interim Lender"):
 1. Bank of America, National Association in the principal amount of \$200,000.00.
 - b. Application of Net Debenture Proceeds to Interim Loan: Upon sale of the Debenture, the Net Debenture Proceeds (the portion of Debenture Proceeds that finance Project Cost) will be applied to pay off the balance of the interim loan. If the Interim Lender is also the Third Party Lender, this payment will reduce the total balance owed to Third Party Lender to the amount specified in Paragraph 3.a below.
 - c. Required Certifications Before 504 Loan Closing: Following completion of the Project, but no earlier than the 5th day of the

Expand | Collapse

Mill Valley Holdings, Inc.'s

- Primary Lender
- Eligibility
- 1 Third Party Lenders
 - 1. Bank of America, Natic
 - 2. Bank of America, Nat
- New Lender
- Application Info
- Use of Proceeds
- Lender Comments
- Project Info

Third Party Lender #2, Application

* Type of Lender Interim

Partner Info: SBA Partner ID: 582 SBA Partner Location ID: 9551

Lender Name 1 Bank of America, National Association

Lender TaxId 94-1687665

Country US

Street1 100 N Tryon St, Ste 170

Street2 NS test 1585

City / State / Zip CHARLOTTE, NC 28202 -

1. Bank of America, Natic

2. Bank of America, Natic

New Lender

Application Info

Use of Proceeds

Lender Comments

Project Info

Borrowers

Debenture Pricing

From SBA Form 1244 (09-16 Previous editions obsolete)

2 * Net Debenture Amount \$200,000.00

* CDC Processing Fee Paid Separate? Yes No

A. SBA Share 40.00% of Project Cost

B. Administrative Costs

1. SBA Guaranty Fee \$1,000.00

2. Funding Fee \$500.00

Section B: Project Financing

Permanent Third Party Lender

Loan Authorization Language	ETRAN Field / Category Location
B.3. Permanent Third Party Lender Loan	Third Party Lenders > [Choose Lender] > Type of Lender > Participating

3. Permanent Third Party Lender Loan:

- Permanent Loan:** A permanent loan in the total principal amount of \$250,000.00. This amount is 50.00% of the total project cost. The permanent loan will be provided by the following lender(s) ("Permanent Lender"):
 - Bank of America, National Association in the principal amount of \$250,000.00.
- The Third Party Lender's note and loan documents must not:
 - allow future advances except advances made for the reasonable costs of collection, maintenance, and protection of the Third Party Lender's lien;
 - be cross-collateralized with other financing provided by the Third Party Lender;
 - have an early termination right;
 - be payable in installments;
 - have a term greater than 10 years;
 - have any covenants, conditions, or provisions that are more restrictive than those set forth in the ETRAN interface.



TIPS

- The Etran interface will allow for multiple Third Party Lender Loans to be a part of the project
- Application Info** menu will show TPL loans and amounts summary

Third Party Lender #1, Application

* Type of Lender: **Participating**

Partner Info: SBA Partner ID: 582 SBA Partner Location ID: 9551

Lender Name: Bank of America, National Association

Lender Taxid: 94-1687665

Country: US

Street1: 100 N Tryon St, Ste 170

Street2: NS test 1585

City / State / Zip: CHARLOTTE, NC 28202 -

Lender Taxid: 94-1687665

* Interest Rates

Gross Interest %: 3.250 Loan Servicing Fee %: 0.500 SBA Guaranty %: Net Interest %

2 Third Party Lender's Original Amount: **\$250,000.00**

Third Party Loans, Detail \$	Third Party Lender Name	Amount
1	Bank of America, National Association	\$250,000.00
2	Bank of America, National Association	

Third Party Loans \$	\$250,000.00
Third Party Loan %	50.00%
Borrower Contribution \$	\$50,000.00
Borrower Contribution %	10.00%
Total Project Requirement \$	\$500,000.00
Total Project Requirement %	100.00%
CDC Servicing Fee %	

Section B: Project Financing Borrower Contribution

4. **Borrower's Contribution ("Borrower's Contribution"):**
- a. At or prior to 504 Loan Closing, Borrower must contribute \$50,000.00 to the Project. This amount is 10.00% of the total project cost.
 1. Contribution may be in cash, land or other property acceptable to SBA;
 2. Contribution may come from Borrower's own resources, CDC, or another source;
 3. If any of the contribution is borrowed and secured by any of the Project Property, the resulting obligation must be expressly subordinate to the liens securing the Promissory Note ("Note") in favor of CDC and may not be repaid at a faster rate than the Note unless prior written approval is obtained from SBA. A copy of any debt instrument evidencing the obligation must be supplied to CDC at or prior to 504

Loan Authorization Language	ETRAN Category and/or Field Location
B.4. Borrower's Contribution	Application Info > Borrower Contributions > Enter amounts into respective buckets

- New Lender
- Application Info
- Use of Proceeds
- Lender Comments

Borrower Contributions					
[1] Borrowed	[2] Business Cash	[3] Personal Cash	[4] Equity	[5] Gift	[6] Other
	\$50,000.00				

Borrower Contribution will flow to the read-only summaries of Financing Sources

Hierarchy

- ▼ Third Party Lenders
 - 1. Bank of America, Natic
 - 2. Bank of America, Natic
- New Lender
- Application Info
- Use of Proceeds
- Lender Comments
- Project Info
- ▼ Borrowers
 - 1. Mill Valley Holdings

Other Financing Sources

Third Party Loans, Detail \$	Third Party Lender Name	Amount
1	Bank of America, National Association	\$250,000.00
2	Bank of America, National Association	
Third Party Loans \$		\$250,000.00
Third Party Loan %		50.00%
Borrower Contribution \$		\$50,000.00
Borrower Contribution %		10.00%
Total Project Requirement \$		\$500,000.00
Total Project Requirement %		100.00%

Section B: Project Financing Borrower Fees

Loan Authorization Language	ETRAN Category and/or Field Location
B.5. Borrowers Fees	<i>If applicable, SBA will update</i>

5. **Borrower's Fees** ("Borrower's Fees")—Borrower must pay:
- An ongoing guarantee fee equal to 0.2475 of one percent per annum of the principal balance of the Note calculated at five-year intervals beginning with the first payment. This guarantee fee will be made until the loan is terminated. It will be included with the payment on the Note made each month to the CSA.
 - A servicing fee, as stated on the Servicing Agent Agreement at the time of 504 Loan Closing, calculated on the outstanding principal balance at five-year intervals. The fee will be included in the monthly loan installment paid to the CSA.
 - A late fee of 5 percent of the late payment or \$100.00, whichever is greater, for payments received by the CSA after the 15th day of the month.

Section C: The Note

Loan Authorization Language	ETRAN Category and/or Field Location
1 Amount	Application Info > Gross Debenture
2 Term	Application Info > Debenture Maturity
3 Prepayment	Boilerplate verbiage. Language will automatically adjust for 25-year loans (see inset)
4 Mandatory State Provisions	If applicable, state specific verbiage will populate

C. THE NOTE

At or prior to 504 Loan Closing, the Borrower must execute a Note in favor of CDC. The CDC must assign the Note to SBA. Borrower must make payments by Automated Clearinghouse (ACH) or wire transfer. The Note and Debenture will include the following terms:

1. **Amount:** \$205,000.00. 1
 2. **Term:** 20 years. 2
 3. **Repayment Terms:** At the date the Debenture is sold, the interest rate will be set and the amount of the monthly principal and interest installment for the term of the Note and the semi- annual principal and interest installment for the term of the Debenture will be established.
 4. **Prepayment:** If Borrower prepays during the first half of the stated term there will be a prepayment premium, calculated by applying a declining percentage of the Debenture interest rate to the outstanding principal balance of the Note. 3
 2. **Term:** 25 years.
 3. **Repayment Terms:** At the date the Debenture is sold, the interest rate will be set and the amount of the monthly principal and interest installment for the term of the Note and the semi- annual principal and interest installment for the term of the Debenture will be established.
 4. **Prepayment:** If Borrower prepays during the first ten (10) years of the stated term, there will be a prepayment premium, calculated by applying a declining percentage of the Debenture interest rate to the outstanding principal balance of the Note. A schedule of the dollar amount of the premium will be provided after the sale of the Debenture.
- a. the balance owing on the Note as of the next semi-annual debenture payment date; and
- b. any prepayment premium required under the Note and Debenture.
- To prepay, Borrower must give prior written notice to the CDC according to the terms of the Note.
5. CDC must include in the Note the following language for residential property located in California securing the Note:
 4. "Borrower acknowledges this Note is secured by a Deed of Trust in favor of CDC on real property located in MARIN County, State of California. That Deed of Trust contains the following due-on-sale provision:..." (CDC must add to the Note the due on sale clause exactly as it appears in the Deed of Trust.)

Section D: Collateral Conditions Real Estate

Loan Authorization Language	ETRAN Category and/or Field Location
D.1. Real Estate Liens	Collateral Register > [Select Collateral]
1 Lien Position and Prior Lienholder	Based upon prior lien section
2 Lien Instrument	Based on state-specific user selection
3 Address	Matches collateral address
4 State-Specific Lien Options	Based upon user selections
5 State-Specific Title Options	Based upon user selections
6 Mandatory State Provisions	Automatically added based on the collateral's state location

3. **Third Mortgage** (including due on sale clause) on land and improvements located at **4499 GOTHAM PLACE FAIRFAX, VA 22030 - 0986**. This property is Commercial.

a. Subject only to prior lien(s) as follows:

1 (1) First: Gotham Bank in the amount of \$1,000,000.00.
 (2) Second: First Gotham Bank & Trust in the amount of \$500,000.00.

- 4 b. Prior open ended lien(s) closed in writing according to applicable state law. Revolving line(s) of credit limited in writing to the amount stated.
- c. Written agreement from prior lienholders to provide CDC with 60 days written notice before commencing foreclosure of prior lien.
- d. Prior lienholder written verification (a) of amount owing on prior obligation, (b) that prior obligation is current on payments, and (c) that prior obligation is not otherwise in default.
- 5 e. Evidence of title and priority of lien must be based upon:
 (1) Title and/or Lien Search or other evidence of proper ownership and lien position.
- f. CDC must obtain in recordable form written subordination agreements from any tenants occupying any of the Project real property required as collateral. Appropriate subordination language may be included in the Lease as an alternative.

6 10. **Arizona Mandatory Provision** — The following language must appear in all guarantees (SBA Form 148 or 148L) signed by Arizona residents:
"The undersigned waives any rights it may have pursuant to ARS Section 12-1641 et seq., and agrees pursuant to ARS Section 33-814 that the obligations of the undersigned may be enforced regardless of whether or not any Trustee's sale of security for this debt is held."

Section D: Collateral Conditions Real Estate

Details

1 **Type of Instrument**
Drop-down options based upon the collateral's state.

2 **Optional Real Estate Conditions**

3 **Evidence of Title and Priority Liens**
Drop-down options based upon the collateral's state.

4 **Security Survey Questions:** Options and fields are based upon the selection in *Evidence of Title and Priority Lien based upon*

Collateral Description: Real estate

Shared Pari Passu

The lien is limited to \$

* Type of Instrument **1**

Including Water Rights

Including Assignment of Rents

Optional Real Estate Conditions **2**

Prior open ended lien(s) closed in writing according to applicable state law. Revolving line(s) of credit must be limited in writing to the amount stated.

Prior Lienholders written verification (a) of amount owing on prior obligation, (b) that prior obligation is current on payments, and (c) that prior obligation is not otherwise in default.

Evidence of Title and Priority of Lien **3**

Evidence of Title and Priority of Lien based upon

Security Survey Questions

Title Amount **4**

Endorsements

Without Standard Exception

Without Standard Survey Exceptions

Not Contain MGL Section 21(e) Exception

Write your own 

Words: 0

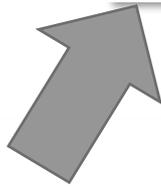
Section D: Collateral Conditions Real Estate

Loan Authorization Language	ETRAN Category and/or Field Location
Lien Position and Prior Lienholder	Based upon prior lien section

D. COLLATERAL CONDITIONS

The Note must be secured by the following collateral. All collateral must be assigned to SBA. CDC must obtain a lien on 100% of the interests in the following collateral and properly perfect all lien positions.

1. **Second Deed of Trust** (including due on sale clause) on land and improvements located at 10228 MAGEE AVENUE MILL VALLEY, CA 94941. This property is Commercial.
 - a. Subject only to prior lien(s) as follows:
 - (1) First: Third Party Lender in the amount of \$250,000.00.
 - b. Evidence of title and priority of lien must be based upon:
 - (1) ALTA Loan Policy, CDC and assigns, in the amount of \$500,000.00, with 110.1 and 100 endorsements,
 - c. CDC must obtain in recordable form written subordination agreements from any tenants occupying any of the Project real property required as collateral. Appropriate subordination language may be included in the Lease as an alternative.
 - d. At the time of Closing, either:
 - (1) There must be no contractors, mechanics or



TITLE REPORT Ordered Date Received Date

	Lienholder Name	Lien Position	Balance Owng	Lien Status	Lien Comment	Revolving Indicator	Limit Amount
1	Third Party Lender	1	\$250,000	Not Sele ▼		<input type="checkbox"/>	
2				Not Sele ▼		<input type="checkbox"/>	
3				Not Sele ▼		<input type="checkbox"/>	

Section D: Collateral Conditions

Personal Property Liens

Loan Authorization Language	ETRAN Category and/or Field Location
Section D.2. UCC's (if applicable)	Collateral Register > [Select Collateral]

3. Second perfected security interest, in the following personal property (including any proceeds and products), acquired with loan or project proceeds, including all replacements and substitutions wherever located: **Equipment**.
- Subject only to the prior lien of **testbanko** in the amount of **\$54,000.00** on the following collateral: **Equipment**
 - Any prior lien that is open ended as to future advances must be closed, in writing, according to applicable state law.
 - CDC must obtain a list of all equipment and fixtures that are collateral for the Loan. For items with a unit value of \$5,000 or more, the list must include a description and serial number, if applicable.
 - Lender must obtain an appropriate Uniform Commercial Code lien search evidencing all required lien positions. If UCC search is not available, another type of lien search may be substituted.
 - At the time of Closing, there must be no circumstances adversely affecting the value of the property. There must be no lien on the Property, including a lien which might possibly be filed after Closing, which impairs the stated priority of the CDC/SBA lien.

* Collateral Type **1** Machinery and Equipment

* Collateral Sub Type Personal Property

Collateral Description: Test Equipment 2

Whether now owned or later acquired

2 Acquired with loan or project proceeds, including all replacements and substitutions

Landlord's Waiver required to protect this interest

Shared Pari Passu

The lien is limited to \$

TITLE REPORT

Ordered Date

Received Date

	Lienholder Name	Lien Position	Balance Owing	Lien Status
1	testbanko 3	1	\$54,000.00 4	Not Selec <input type="button" value="v"/>
2				Not Selec <input type="button" value="v"/>
3				Not Selec <input type="button" value="v"/>

Section D: Collateral Conditions

EPC/OC Assignment of Rents

Loan Authorization Language	ETRA Category and/or Field Location
Section D. Assignment of Rents from Eligible Passive Company, if applicable	N/A – Automatically added when Borrower is an EPC

Borrower EPC:

1. Mill Valley Holdings, Inc. (EPC)
0228 MAGEE AVE
MILL VALLEY, CA - 94941

Operating Company

1. Mill Valley Taco Shop, LLC dba Foggy Tacos (Guarantor)
0228 MAGEE AVE
MILL VALLEY, CA - 94941
2. Mill Valley Ice Cream, LLC dba Foggy Creamery (Guarantor)
0228 MAGEE AVE
MILL VALLEY, CA - 94941

- 
6. **Assignment of Rents from Eligible Passive Company.** CDC must obtain a perfected assignment of all rents paid under the lease on the project property between the Eligible Passive Company and the Operating Company. The term of lease, with options to renew exercisable solely by the Operating Company, must be for at least the term of the Loan. The lease must be subordinate to CDC's Security Interest, Deed of Trust or Mortgage. Lease payments must be no more than is necessary to amortize debt plus pay expenses related to holding the property.

Section D: Collateral Conditions Guarantee(s)

Loan Authorization Language	ETRAN Category and/or Field Location
Section D. Individual Guarantees	Borrower > [Select Entity] > Principals > [Select Person] > Guarantee Type OR Guarantors > [Select Person] > Guarantee Type

- lease must be subordinate to CDC's Security Interest, Deed of Trust or Mortgage. Lease payments must be no more than is necessary to amortize debt plus pay expenses related to holding the property.
1. **6. Guarantee on SBA Form 148, by Cooper Shaw, resident in .**
 7. ~~7. Guarantee on SBA Form 148, by Mill Valley Taco Shop, LLC, resident in CA.~~
 8. ~~8. Guarantee on SBA Form 148, by Mill Valley Ice Cream, LLC, resident in CA.~~
 2. **9. Guarantee on SBA Form 148, by Millie Q La Valley, resident in CA.**
 10. ~~10. Assignment to SBA. CDC must execute a satisfactory written assignment to SBA of its interest in the Note, lease and all collateral~~

Principal Person Information, Application

Tax ID: 658-99-7895

* First Name: Cooper

Middle Initial: []

* Last Name: Shaw

Suffix: []

Title: []

* Controlling Interest Management: Not Selected Yet

Ownership in the Business:	Borrower	Percentage	If < 20%, Is this principal guaranteeing the loan? E
1. Cooper Shaw		100.00%	<input checked="" type="radio"/> Yes <input type="radio"/> No
2. (name not entered)			
Mill Valley Holdings, Inc.			

* Guarantee Type: Full Unsecured Guarantee

Guarantor Person Information, Application

Tax ID: 658-25-9869

* First Name: Millie

Middle Initial: Q

* Last Name: La Valley

Suffix: []

* Guarantee Type: Full Unsecured Guarantee

Date of Birth: 12/09/1983

Place of Birth: Manassas

* Citizenship: U.S. Citizen

Section D: Collateral Conditions Guarantee(s)

Loan Authorization Language	ETRAN Category and/or Field Location
Section D. Entity Guarantees	Guarantors > [Select Entity] > Guarantee Type

- lease must be subordinate to CDC's Security Interest, Deed of Trust or Mortgage. Lease payments must be no more than is necessary to amortize debt plus pay expenses related to holding the property.
6. ~~Guarantee on SBA Form 148, by Cooper Shaw, resident in CA.~~
 7. **Guarantee on SBA Form 148, by Mill Valley Taco Shop, LLC, resident in CA.**
 8. Guarantee on SBA Form 148, by Mill Valley Ice Cream, LLC, resident in CA.
 9. Guarantee on SBA Form 148, by Millie Q La Valley, resident in CA.
 10. **Assignment to SBA.** CDC must execute a satisfactory written assignment to SBA of its interest in the Note, lease and all collateral

Guarantor Information, Application

Tax ID: 84-8459966

* Name: Mill Valley Taco Shop, LLC XL NAME Super remix

(Doing business as) Trade Name: [Empty]

* Operating Company? Yes No

* Legal Organization Type: Limited Liability Company(LLC)

* DUNS: 987456321

* Guarantee Type: Full Unsecured Guarantee

Does the borrower currently do any exporting or will the borrower start exporting pursuant to this loan? Yes No

Section D: Collateral Conditions Guarantee(s)

Loan Authorization Language	ETRAN Category and/or Field Location
Section D. Limited Guarantee options: <ul style="list-style-type: none"> Limited Unsecured Limited Secured 	Guarantors > [Select Entity] > [Select Guarantee Type] > Select Guarantee Subtype

4. Limited Secured Guarantee

Limited Guarantee on SBA Form 148 (use 148L if available), by [Name of guarantor], resident in [State/Country Name].

Select One And Only One Of The Following Paragraphs

BALANCE REDUCTION LIMITATION: The Guarantee is of all amounts owing under the Note, and will continue until the total of all amounts owing under the Note is reduced below \$[Amount], at which time Guarantor will be released from liability if the Note is not in default.

PRINCIPAL REDUCTION LIMITATION: The Guarantee is of all amounts owing under the Note, and will continue until the outstanding principal balance of the Note is reduced below \$[Amount], at which time Guarantor will be released from liability if the Note is not in default.

MAXIMUM LIABILITY LIMITATION: The Guarantee is limited to Guarantor's payment of \$[Amount].

PERCENTAGE LIMITATION: The Guarantee is limited to Guarantor's payment of [Percent]% of all amounts owing under the Note at the time demand is first made on Guarantor, plus the same percentage of any accrued interest and other costs charged to the Note after demand, until Guarantor fully performs this Guarantee.

TIME LIMITATION: The Guarantee is of all amounts owing under the Note. The Guarantee will continue until [number of years] year(s) after the date of the Note (the "Guarantee Period"). If Borrower is in default at the end of the Guarantee Period, the Guarantee will continue until all defaults are cured.

COLLATERAL/RECOURSE LIMITATION: The Guarantee is limited to the amount Lender obtains from the following collateral pledged by Guarantor: [Collateral]

COMMUNITY PROPERTY OR SPOUSAL INTEREST LIMITATION: The Guarantee is limited to Guarantor's community property or spousal interest in collateral pledged to secure the Note or any guarantee.

The screenshot shows the ETRAN application interface. On the left is a navigation tree with 'Guarantors' expanded to '1. Cooper Shaw'. The main form area shows the 'Guarantee Type' dropdown set to 'Limited Secured Guarantee'. Below it, the 'Select Guarantee Subtype' dropdown is open, displaying a list of limitation options: 'Select Limitation Option', 'Balance Reduction Limitation', 'Principal Reduction Limitation', 'Maximum Liability Limitation', 'Percentage Limitation', 'Collateral/Recourse Limitation', 'Time Limitation', and 'Community Property or Spousal Interest Limitation'. The 'Select Limitation Option' is currently selected.

Section D: Collateral Conditions

State-Specific Verbiage

Loan Authorization Language	ETRAN Category and/or Field Location
Section D. State Specific language	Automatically added based on the collateral's state location

11. **California Mandatory Provision** —The following language must appear in a guarantee if the guarantor, any borrower, or any real estate collateral is located in California:

"Guarantor waives its rights of subrogation, reimbursement, indemnification, and contribution and any other rights and defenses that are or may become available to the guarantor by reason of California Civil Code Sections 2787 to 2855, inclusive. The guarantor waives all rights and defenses that the guarantor may

Section E: Additional Conditions

Insurance Requirements - Collateral

Loan Authorization Language	ETRAN Category and/or Field Location
Section E. 1. Insurance Requirements: <ul style="list-style-type: none"> • Real Estate Hazard • Personal Property Hazard 	Collateral Register > <i>[Select Collateral] ></i> <i>[Select Insurance requirements]</i>

- 1
 b. Real Estate Hazard Insurance coverage on all real estate that is collateral for the Loan in the amount of the full replacement cost. If full replacement cost insurance is not available, coverage must be for maximum insurable value. Insurance coverage must contain a MORTGAGEE CLAUSE (or substantial equivalent) in favor of CDC and SBA. This clause must provide that any action or failure to act by the mortgagor or owner of the insured property will not invalidate the interest of CDC and SBA. The policy or endorsements must provide for at least 10 days prior written notice to CDC of policy cancellation.
- 2
 c. Personal Property Hazard Insurance coverage on all equipment, fixtures or inventory that is collateral for the Loan, in the amount of full replacement costs. If full replacement cost insurance is not available, coverage must be for maximum insurable value. Insurance coverage must contain a LENDER'S LOSS PAYABLE CLAUSE in favor of CDC and SBA. This clause must provide that any action or failure to act by the debtor or owner of the insured property will not invalidate the interest of CDC and SBA. The policy or endorsements must provide for at least 10 days prior written notice to CDC of policy cancellation.

- ▼ Guarantors
 - 1. Mill Valley Taco Shop, L
 - 2. Mill Valley Ice Cream, L
 - ▼ 3. Millie Q La Valley
 - Personal Financials
 - New Guarantor
- ▼ Collateral Register
 - 2. CA - Commercial Real E
 - 3. Cash Collateral

Additional Conditions

Insurance Requirements

Flood Insurance [Use if loan is secured by real or personal property] Yes No

1 Real Estate Hazard Insurance [Use if loan is secured by real property] Yes No

2 Personal Property Hazard Insurance [Use if loan is secured by personal property] Yes No

Full Marine Insurance Yes No

Section E: Additional Conditions

Insurance Requirements – Collateral (cont’d)

Loan Authorization Language	ETRAN Category and/or Field Location
Section E. 1. Insurance Requirements: Flood Insurance	<i>Flood Insurance is required for all collateral, thus language is added automatically on all loans</i>

a. Flood Insurance. Based on the Standard Flood Hazard Determination (FEMA Form 81 93):

(1) If any portion of a building that is collateral for the Loan is located in a special flood hazard area, CDC must require Borrower to obtain flood insurance for the building under the NFIP.

(2) If any equipment, fixtures, or inventory that is collateral for the Loan (“Personal Property Collateral”) is in a building any portion of which is located in a special flood hazard area and that building is collateral for the Loan, CDC must require Borrower to also obtain flood insurance for the Personal Property Collateral under the NFIP

(3) If any equipment, fixtures, or inventory that is collateral for the Loan (“Personal Property Collateral”) is in a building any portion of which is located in a special flood hazard area and that building is not collateral for the Loan, CDC must require Borrower to obtain available flood insurance for the Personal Property Collateral. CDC may request a waiver of this requirement from the Sacramento Loan Processing Center. The CDC must submit with its request a written justification that fully explains why flood insurance is not economically feasible or, if flood insurance is not available, the steps taken to determine that it is not available.

Insurance coverage must be in amounts equal to the lesser of the insurable value of the property or the maximum limit of coverage available. Insurance coverage must contain a MORTGAGEE CLAUSE/LENDER’S LOSS PAYABLE CLAUSE (or substantial equivalent) in favor of CDC. This clause must provide that any action or failure to act by the debtor or owner of the insured property will not invalidate the interest of CDC and SBA. (Borrower will be ineligible for any future SBA disaster assistance or business loan assistance if Borrower does not maintain any required flood insurance for the entire term of the Loan).

Section E: Additional Conditions Insurance Requirements - Entity

Loan Authorization Language	ETRAN Category and/or Field Location
Section E. 1. Insurance Requirements: <ul style="list-style-type: none"> • Liability • Product Liability • Dram Shop/Host Liquor Liability • Malpractice • Works Comp • Other Insurance 	Borrower > [<i>Select Entity</i>] > [Select Insurance] OR Guarantors > [<i>Select Entity</i>] > [Select Insurance]

- e. Liability Insurance in an amount and with an insurance company satisfactory to CDC.
- f. Product Liability Insurance in an amount and with an insurance company satisfactory to CDC.
- g. Dram Shop/Host Liquor Liability Insurance in an amount and with an insurance company satisfactory to CDC.
- h. Malpractice Insurance in an amount and with an insurance company satisfactory to CDC.
- h. Workers' Compensation Insurance in an amount meeting state law requirements and with an insurance company satisfactory to CDC.
- i. Disability Insurance covering Cooper Shaw in an amount and with an insurance company satisfactory to CDC.
- j. Other insurance: Taco Insurance.



The screenshot shows the 'Borrowers' section for '1. Mill Valley Holdings'. The insurance requirements are as follows:

Liability Insurance	<input checked="" type="radio"/> Yes <input type="radio"/> No
Product Liability Insurance	<input checked="" type="radio"/> Yes <input type="radio"/> No
Dram Shop/Host Liquor Liability Insurance	<input checked="" type="radio"/> Yes <input type="radio"/> No
Malpractice Insurance	<input checked="" type="radio"/> Yes <input type="radio"/> No
Workers Comp Insurance	<input checked="" type="radio"/> Yes <input type="radio"/> No
Other Insurance (Ex. State Specific, etc.)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Name(s) of insurance:	<input type="text" value="Taco Insurance"/>

Section E: Additional Conditions Insurance Requirements - Individual

Loan Authorization Language	ETRAN Category and/or Field Location
Section E. 1. <ul style="list-style-type: none"> Life Insurance Disability Insurance 	Borrower > [Select Entity] > Principals > [Select Person] > [Select Insurance] OR Guarantors > [Select Person] > [Select Insurance]

- 1 d. Life Insurance, satisfactory to CDC:
 - (1) on the life of Cooper Shaw in the amount of \$250,000.00.
 - CDC must obtain a collateral assignment of each policy with CDC and SBA as assignees. CDC must also obtain acknowledgment of the assignment by the Home Office of the Insurer.
 - CDC must assure that Borrower pays the premium on the policy.
- 2 e. Disability Insurance covering Cooper Shaw in an amount and with an insurance company satisfactory to CDC.

Life Insurance 1 Yes No

Life Insurance Amount: \$250,000.00

Insured Name (if not person listed above): Cooper Shaw

Disability Insurance 2 Yes No

List insured Individual(s) (if not person listed above, separated by a comma if more than one): Cooper Shaw

Section E: Additional Conditions Environmental

Authorization Boilerplate verbiage

Loan Authorization Language	ETRAN Category and/or Field Location
Section E. Environmental	Collateral Register > [Select Collateral] > Environmental Requirements <ul style="list-style-type: none"> If Yes; verbiage populates onto Auth If No; paragraphs b. and c. do not appear

2. Environmental Requirements

- a. CDC must not close the Loan until it has:
 - (1) completed the review for potential environmental 50-10(5) ("Environmental Investigation") or is taken as collateral, and;
 - (2) sufficiently minimized the risk from any adverse environmental findings discovered in the Environmental Investigation, or otherwise, as required by SOP 50-10(5), Subpart C, Chapter 3 (Environmental Policies and Procedures) and applicable appendices.

Insert the following paragraph (b) when CDC did not submit the results of the Environmental Investigation.

- b. Immediately after CDC review, the CDC must submit the results of the Environmental Investigation to SBA's Sacramento Loan Processing Center for SBA approval prior to 504 Loan Closing. If CDC or SBA determines from the Environmental Investigation that there is potential environmental contamination, CDC may not forward the Debenture until SBA is satisfied that the risk has been sufficiently minimized. Adverse environmental findings may lead to cancellation of this Authorization.
- c. CDC should consult with the local SBA office where the real property is located to ascertain any state or local environmental requirements.

Additional Conditions

Insurance Requirements

Flood Insurance [Use if loan is secured by real or personal property] Yes No

Real Estate Hazard Insurance [Use if loan is secured by real property] Yes No

Personal Property Hazard Insurance [Use if loan is secured by personal property] Yes No

Full Marine Insurance Yes No

Environmental Requirements

Environmental Investigation NOT yet approved by SBA and MUST be approved prior to disbursement. Yes No



Section E: Additional Conditions

Loan Authorization Language	ETRAN Category and/or Field Location
Section E. Purchase-Sale Agreement	Removed
Section E. Bulk Sales or Transfer	Project Info > Agreements and Certifications
Section E. Non-Compete	Borrower > [Select Entity] > [Select Principal] > Agreement and Certifications

- b. Prior to 504 Loan Closing, CDC must obtain from Borrower and Operating Company:
- (1) **Ownership**—Evidence that ownership and management have not changed without CDC's approval since the application was submitted.

Paragraphs (2) to (8) are optional

Note: Paragraph (4), (5), (6), (7) and (8) may be repeated if necessary

- (2) **Purchase-Sale Agreement**—Executed Purchase-Sale Agreement [OPTION—(to include satisfactory non-compete agreement)].
- (3) **Bulk Sales or Transfer**—Evidence that seller has complied with Bulk Sales or Transfer provisions of state law, if applicable, or has arranged to protect Borrower's purchased assets from claims of seller's creditors.
- (4) **Non-Compete**—Evidence that [Principal's Name] does not have a Non-Compete Contract with [Competitor's Name].

Lender Comments

Project Info

Borrowers

1. * Death Star Enterpr

Principals

1. Anakin Skywalker

Agreements and Certifications

Lender Consent Required for Additional Location Acquisition: Yes No

Lender Consent Required for fixed assets Acquisition: Yes No

Lender Consent Required for Compensation Increase: Yes No

Evidence of compliance with Bulk Sales or Transfer provisions of state law Yes No

Project Info

Borrowers

1. * Death Star Enterpr

Principals

1. Anakin Skywalker

2. Padme Skywalker

Evidence that Principal does not have a Non-Compete Contract with Competitor Yes No

Competitor's Name

Life Star Enterprises, Inc.

Reset Clear Save Save / Next

Section E. Additional Conditions

Other Funding Sources

Authorization
Boilerplate
verbiage

Loan Authorization Language	ETRAN Category and/or Field Location
Section E.2.b. Optional Funding Language	
<ol style="list-style-type: none"> 1 Subordinate Funding 2 Other Funding (loan) 3 Other Funding (grant or gift) 4 Other Funding (Line of Credit) 	<p>1-3: Application Info > Injection Table (see Page 32 for additional details.)</p> <p>NOTE re #4: Other Funding (Line of Credit) - Functionality to be supported in a future ETRAN update</p>

b. Prior to 504 Loan Closing, CDC must obtain from Borrower and Operating Company:

- (1) **Ownership**—Evidence that ownership and management have not changed without CDC's approval since the application was submitted.

Paragraphs (2) to (8) are optional

Note: Paragraph (4), (5), (6), (7) and (8) may be repeated if necessary

- (2) **Purchase-Sale Agreement**—Executed Purchase-Sale Agreement [OPTION—(to include satisfactory non-compete agreement)].
- (3) **Bulk Sales or Transfer**—Evidence that seller has complied with Bulk Sales or Transfer provisions of state law, if applicable, or has arranged to protect Borrower's purchased assets from claims of seller's creditors.
- (4) **Non-Compete**—Evidence that [Principal's Name] does not have a Non-Compete Contract with [Competitor's Name].
- 1 (5) **Subordinate Funding**—Evidence that Borrower has received the proceeds of a loan from [Name] in the amount of \$ [Amount], for a term of not less than [Term] years. This loan must be subordinate to the Loan.
- 2 (6) **Other Funding (loan)**—Evidence that Borrower has received the proceeds of a loan from [Name] in the amount of \$ [Amount], for a term of not less than [Term] years.
- 3 (7) **Other Funding (grant or gift)**—Evidence that Borrower has received the proceeds of a grant or a gift from [Name] in the amount of \$ [Amount].
- 4 (8) **Other Funding (line of credit)**—Evidence that Borrower has received access to a line of credit from [Name] in the amount of \$ [Amount].

Section E: Additional Conditions

Optional Lease Language

Functionality supported in a future ETRAN update

Loan Authorization Language	ETRAN Category and/or Field Location
Section E. Optional Lease Language	The optional lease language shown below for machinery and equipment is <u>not yet supported</u> within ETRAN.

Lease (OPTIONAL)

Use this provision if any Project machinery and equipment is being placed in leased premises. **Paragraph d.** is the general rule; use **paragraph e.** only if CDC has approval to allow a lease of less than the term of the loan; use **paragraph f.** to protect leasehold improvements; use **paragraph g.** if you are trying to keep the Borrower in the present location regardless of where the collateral is located.

SOP 50-10(5), pg. 299, Subpart "C", Chapter 5, Paragraph 1.g.

- d. **Lease**—Current lease(s) on all business premises where collateral is located with term, including options, at least as long as the term of the Loan.
- e. **Lease**—Current lease(s) on all business premises where collateral is located, with an adequate term, including options, appropriate to the maturity of the Loan, considering location, type of business, and type of leasehold interest.
- f. **Lease**—Current lease(s) on all business premises where collateral is located with term, including options, at least as long as the term of the Loan plus [number of years] years.
- g. **Lease**—Current lease(s) on all business premises with a term, including options to renew exercisable by the Borrower, at least as long as the term of the Loan.

Authorization Boilerplate verbiage

Section E. Additional Conditions Franchise

Loan Authorization Language	ETRAN Category and/or Field Location
E. Franchise	Field located within Project Info > <i>Franchise</i>

If **Yes** is selected other fields will appear for you to answer. The Loan Authorization will populate with the line shown on this screen

d. **Franchise Requirement**-Prior to closing CDC must obtain the executed Franchise Agreement, the SBA Addendum to Franchise Agreement (SBA Form 2462), or the SBA Negotiated Addendum, and all other documents the franchisor requires the franchisee to sign.

The screenshot shows the 'Project Info' section of the ETRAN system. The 'Franchise?' field is selected as 'Yes'. The 'Franchise Number' is 'S0904' and the 'Franchise Trade Name' is 'Jiffy Lube'. Other fields include 'SBA Access' (Yes), 'Defer payment of fees upon default' (No), '30 Day Termination notice required' (No), and 'Lender opportunity to cure defaults' (No).

Section E. Additional Conditions

Additional Injection

...New Lender

Application Info

...Use of Proceeds

...Lender Comments

...Project Info

* CDC can make loans outside their area of operation? Yes No

* Application Structured with Eligible Passive Company? Yes No

* Is the Loan Collateralized? Yes No

Life Insurance Required? Yes No

* Reconsideration? Yes No

* **Injection Required?** Yes No

The Injection Table is triggered by the **Injection Required** indicator.



Borrower Injection: Per the Authorization & ETRAN, this refers to an *additional* injection into the business *beyond* any required project equity (i.e., Borrower's Contribution). Although the industry commonly uses it interchangeably with the project equity requirement, it refers *exclusively* to the optional Authorization sections below while entering data to the ETRAN Loan Authorization

	Type of Injection	Amount	Term (Years)	Comment/Description/Lender Info
1	Non-cash Assets			
2	Cash-Borrower			
3	Cash-Debt			
4	Subordinate Funding			
5	Cash-Gift			
6	Pari Passu Financing			
7	Standby Debt			
8	Other			

Section E. Additional Conditions

Additional Injection (cont'd)

Loan Authorization Language	ETRAN Category and/or Field Location
Section E. Optional Injection Language	Application Info > Injection Table (see Page 32 for additional details.)
1 Cash Injection	
2 Standby Debt Injection	
3 Equity Injection / Standby Debt Injection	
4 Asset Injection	

 ***Borrower Injection:*** Per the Authorization & ETRAN, this refers to an *additional* injection into the business *beyond* any required project equity (i.e., Borrower's Contribution). Although the industry commonly uses it interchangeably with the project equity requirement, it refers *exclusively* to the optional Authorization sections below while entering data to the ETRAN Loan Authorization :

INJECTION (OPTIONAL)

5. Injection into the Business (in addition to Borrower's Contribution)

CDC must obtain evidence that prior to 504 Loan Closing:

Select one or more of the following paragraphs (a to d)

- 1 a. **Cash Injection**—At least \$ [Amount] cash has been injected into the business as equity capital. This cash is for [Description].
- 2 b. **Standby Debt Injection**—At least \$ [Amount] cash has been injected into the business. This cash is for [Description]. Borrower may obtain this cash from a loan that is Standby Debt until Borrower pays CDC in full.
- 3 c. **Equity Injection / Standby Debt Injection**—At least \$ [Amount] cash has been injected into the business. The cash is for [Description]. Borrower may obtain cash from personal resources or from a loan that is Standby Debt until Borrower pays CDC in full. Any such debt must be covered by a standby agreement substantially equivalent to SBA Form 155, with no payment permitted.
- 4 d. **Asset Injection**—Assets described as [Description] with a fair market value of not less than \$ [Amount] have been injected into the business as equity capital.

Authorization Boilerplate verbiage

Section E. Additional Conditions

Mapping of Additional Funding and Additional Injection

		AUTHORIZATION Additional Funding Sources	AUTHORIZATION Additional Injection
1	Non-cash Assets		5d) Asset Injection Inserts “Asset Injection” language into the Authorization (Section <i>E. 5.d of Boilerplate</i>)
2	Cash-Borrower		5a) Cash Injection Inserts “Cash Injection” language into the Authorization (Section <i>E.5.a. of Boilerplate</i>).
3	Cash-Debt		5c) Equity Injection/Standby Debt ★ Inserts “Equity Injection / Standby Debt” language into the Authorization (Section <i>E.5.c. of Boilerplate</i>).
4	Subordinate Funding	5) Subordinate Funding Inserts “Subordinate Funding” language into the Authorization (Section <i>E.2.b.(5) of Boilerplate</i>).	
5	Cash-Gift	7) Other Funding (grant or gift) Inserts “Other Funding (grant or gift)” language into the Authorization (Section <i>E.2.b.(7) of Boilerplate</i>).	
6	Pari Passu Financing	6) Other Funding (Loan) Inserts “Other Funding (loan)” language into the Authorization (Section <i>E.2.b.(6) of Boilerplate</i>).	
7	Standby Debt		5b) Standby Debt Inserts “Standby Debt Injection” and “Standby Agreement” language into the Authorization (Section <i>E.5.b. of Boilerplate</i>).
8	Other	8) Other Funding (line of credit) ★ Inserts “Other Funding (line of credit)” language into the Authorization (Section <i>E.2.b(8) of Boilerplate</i>).	

★ **Other Funding (line of credit)** and **Equity Injection/Standby Debt** are not yet supported within ETRAN. Functionality will be available in a future update.

Section E. Additional Conditions Standby Debt

6	Pari Passu Financing		
7	Standby Debt		
8	Other		

Authorization
Boilerplate verbiage

6. Standby Agreement

The following section must be repeated for each standby creditor

- a. At or prior to 504 Loan Closing, CDC to obtain Standby Creditor's Agreement from [Name], for \$[Amount], plus all accrued and future interest (Standby Debt).
[SELECT one of the following repayment options -
- No payment of principal or interest is to be made on Standby Debt during the term of the Loan.
 - OR Monthly payments of interest on Standby Debt, at [Rate]% per year, may be made if Borrower is not in default under the Note.
 - OR Monthly payments of \$[Amount], consisting of principal and interest on Standby Debt, at [Rate]% per year, may be made if Borrower is not in default under the Note.
 - OR Monthly payments of \$[Amount], consisting of principal and interest on Standby Debt, at [Rate]% per year, beginning [Begin Date] may be made if Borrower is not in default under the Note.
 - OR (Write Your Own)
- Standby Creditor must subordinate any lien rights in collateral securing the Loan to CDC's rights in the collateral, and take no action against Borrower or any collateral securing the Standby Debt without CDC's consent. CDC must attach a copy of the Standby Note evidencing the Standby Debt to the Standby Creditor's Agreement. CDC may use its own form or SBA Form 155.

Standby Debt

Entering information for Standby Debt will **trigger additional fields** to appear on the interface which will populate Section E's Standby Agreement section. Multiple agreements can be added or removed.



Standby Agreement

[Add New Agreement](#)

* Creditor's name * Amount Owed

* Repayment option

* Yearly rate

[Remove this Agreement](#)

Section E: Additional Conditions Appraisal

Loan Authorization Language	ETRAN Category and/or Field Location
Section E. Appraisal	Collateral Register > [Select Collateral] > Current Market Value + Market Value Sources

7. Appraisal

Prior to 504 Loan Closing, and in accordance with SOP 50-10(5), CDC must obtain and submit to SBA:

- a. Real Estate Appraisal on the real property located at 0228 MAGEE AVE MILL VALLEY, CA 94941 1000, showing a fair market value of at least **\$500,000.00.**

The screenshot shows the ETRAN system interface. On the left, a sidebar lists items under 'Collateral Register', with '2. CA - Commercial Real Estate' highlighted in a red box. The main form area contains the following fields:

- * Current Market Value:** A text input field containing '\$500,000.00', which is highlighted with a red box. A red arrow points from this field to the appraisal requirement text above.
- * Ordered Date:** A date picker field.
- * Market Value Source:** A dropdown menu with 'Appraisal' selected.
- * Collateral Type:** A dropdown menu with 'Real Estate Commercial' selected.

Section E: Additional Conditions Construction Provisions

Loan Authorization Language	ETRAN Category and/or Field Location
Section E. - Construction Provisions	<p><i>The Construction Provision paragraphs are triggered automatically when the following construction-related Sub Proceeds categories are selected:</i></p> <ul style="list-style-type: none"> <i>on real estate, new improvements or additions</i> <i>on real estate, new improvements or additions, and renovations</i> <i>on leased real estate, new improvements or additions</i> <i>on leased real estate, new improvements or additions, and renovations</i>
CDC Interim Financing	Language automatically added when CDC is the Interim Lender

CONSTRUCTION PROVISIONS (MANDATORY if project includes construction)

13 CFR 120.174; 13 CFR 120.890 and 120.891; 13 CFR 120.961/SOP 50-10(5), pg. 299-301, Subpart "C", Chapter 5, Paragraph 1.h.—Construction Loan Requirements.

For 504 Wizard users: This section is automatically inserted by (A.2) includes construction or remodeling.

Authorization Boilerplate verbiage

8. Construction Provisions

- a. **Building Standards**—In the construction of a new building, the construction must conform with the "Natic Program Recommended Provisions for the Development Buildings" (NEHRP), or a building code that SBA has identified as having substantially equivalent provisions. At or prior to 504 Loan Closing, CDC must obtain from Borrower evidence of compliance with these requirements. Examples of evidence include a certificate issued by a licensed building architect, construction engineer or similar professional, or a letter from a state or local government agency stating that an occupancy permit is required and that the local building codes upon which the permit is based include the Seismic standards.
- b. **Required Documentation**—At or prior to 504 Loan Closing if any proceeds will be used to repay interim construction financing, CDC must obtain a copy of the Occupancy Certificate, final inspection report, or other evidence that the contractor has substantially completed construction and the property complies with all zoning and necessary governmental permit and licensing requirements. CDC must certify that construction has been completed in accordance with the final plans and specifications. CDC may rely upon a certification by the Interim Lender, except that if an "as completed" appraisal was obtained prior to construction, CDC must also get a certification from the appraiser after construction is completed to determine if the appraisal needs to be adjusted to reflect substantial changes in the final project from the original plans and specifications.

The following paragraph must always appear if a CDC provides the interim financing for construction

- c. **CDC Interim Financing**—If the interim financing for construction comes from a CDC, then:
 - (1) Mortgages must be recorded prior to beginning construction;
 - (2) Inspections must be made by a qualified engineer, appraiser, or other party satisfactory to SBA prior to all progress disbursements;
 - (3) The small business must furnish a firm construction contract to the CDC from an acceptable contractor at a specified price, including a provision that no material changes are to be made without the prior written consent of the CDC;
 - (4) The contractor must furnish builder's risk and workers' compensation insurance;
 - (5) One complete set of plans and specifications of the proposed construction must be submitted to the CDC;
 - (6) Where the CDC or the small business is to inject funds into the construction project, these funds must be used prior to the disbursement of the interim financing;
 - (7) The CDC must make and document periodic inspections of construction; and
 - (8) When loan funds will be used to improve buildings on leased land, assignment of the lease must be obtained.

Section E: Additional Conditions

Yearly Financials Requirement

Loan Authorization Language	ETRAN Category and/or Field Location
Section E. - Yearly Financials requirement	Borrowers > [Select Entity] > {bottom of page} > Furnish [select] to CDC within [select]

- b. At or prior to 504 Loan Closing, CDC must require Borrower to certify that it will:
- (1) **Reimbursable Expenses**—Reimburse CDC for expenses incurred in the making and administration of the Loan.
 - (2) **Books, Records, and Reports**-
 - (a) Keep proper books of account in a manner satisfactory to CDC;
 - (b) Furnish Year-End statements to CDC within 120 days of fiscal year end;
 - (c) Furnish additional financial statements or reports whenever CDC requests them;
 - (d) Allow CDC or SBA, at Borrower's expense, to:
 - 1. Inspect and audit books, records and papers relating to Borrower's financial or business condition; and
 - 2. Inspect and appraise any of Borrower's assets; and
 - 3. Allow all government authorities to furnish reports of examinations, or any records pertaining to Borrower, upon request by CDC or SBA.

▼ Borrowers

▼ 1. Mill Valley Holdings

▼ Principals

Business--Total payments less than total amount of credit card purchases Yes No

Furnish

Year-End Statements

▼

to Lender within

120

days of fiscal year end.

Section E: Additional Conditions

Occupancy

Loan Authorization Language	ETRA Category and/or Field Location
E. Occupancy	Language automatically added based on: <ol style="list-style-type: none"> 1. EPC/OC Structure 2. Project Costs > E04 Building (Construction, Remodeling, L/H improvement, etc) > Proceed Sub: <ol style="list-style-type: none"> a. on real estate, new improvements or addition ; or b. on real estate, new improvements or additions and renovations

The screenshot shows the ETRAN system interface. At the top, there is a table with the following data:

E04 - Building (Construction, Remodeling, L/H Improvement, etc.)	Proceed Amount	\$120,302.00
	Comment	

Below the table is a red-bordered button labeled "[-] Add". Below that is a dialog box titled "Add Description". Inside the dialog box, there is a "Proceed Sub:" dropdown menu with the following options:

- on real estate, new improvements or additions (selected)
- on real estate, new improvements or additions
- on real estate, renovations
- on real estate, new improvements or additions, and renovations
- on leased real estate, new improvements or additions
- on leased real estate, renovations
- on leased real estate, new improvements or additions

Below the dropdown menu is a "Proceed sub preview" section with the following text:

Proceed sub preview
 new Improvements or additions described as [Description] and on real estate located at
 0228 MAGEE AVE, MILL VALLEY, CA 94941-1000

At the bottom of the dialog box are two buttons: "Add Description" and "Cancel".

- (6) **Occupancy**—Occupy, at all times during the term of the Loan, at least 51% of the total Rentable Property and 100% of the renovated Rentable Property. Borrower will not use Loan proceeds to improve or renovate any of the property leased to third parties.
- (7) **Occupancy**—Comply with the following provisions: (a) Borrower must lease 100% of the Rentable Property to Operating Company; (b) Operating Company may sublease up to 49% of the Rentable Property; (c) Borrower will not use Loan proceeds to improve or renovate any of the Rentable Property to be sub-leased.
- (8) **Occupancy**—(a) Immediately occupy at least 60% of the Rentable Property; (b) Continue to occupy at least 60% of the Rentable Property for the term of the Loan; (c) Lease long term no more than 20% of the Rentable Property to one or more tenants; (d) Plan to occupy within three years some of the remaining Rentable Property not immediately occupied or leased long term; (e) Plan to occupy within ten years all of the Rentable Property not leased long term.
- (9) **Occupancy**—Comply with the following provisions: (a) Borrower must lease 100% of the Rentable Property to Operating Company; (b) Operating Company must immediately occupy at least 60% of the Rentable Property; (c) Operating Company will lease long term no more than 20% of the Rentable Property to one or more tenants; (d) Operating Company must plan to occupy within three years some of the remaining Rentable Property not immediately occupied or leased long term; (e) Operating Company must plan to occupy within ten years all of the Rentable Property not leased long term.

Section E. Additional Conditions Limitation Conditions

Loan Authorization Language	ETRAN Category and/or Field Location
• Fixed Asset Limitation	<i>Project Info > Agreements and Certifications</i>
• Location Limitation	
• Limitation on Compensation	

- 1 (5) **Fixed Asset Limitation**—Acquire by purchase or lease agreement any fixed assets (totaling more than \$ [Amount] in any year).

Fixed Asset Limitation (OPTIONAL)
- 2 (6) **Location Limitation**—Acquire by purchase or by lease, any additional locations.

Location Limitation (OPTIONAL)
- 3 (7) **Limitation on Compensation**—Allow total annual salaries, withdrawals or other forms of remuneration to officers or owners of Borrower and their immediate family members, to exceed \$ [Amount].

Limitation on Compensation (OPTIONAL)

Authorization Boilerplate verbiage

- Use of Proceeds
- Lender Comments
- Project Info
 - Borrowers
 - 1. Mill Valley Holding
 - Principals
 - 1. Cooper Shaw
 - New Principal
 - New Borrower
 - Guarantors
 - 1. Mill Valley Taco Shop, I
 - 2. Mill Valley Ice Cream, I

Agreements and Certifications

2 Lender Consent Required for Additional Location Acquisition: Yes No

Lender Consent Required for fixed assets Acquisition: Yes No

1 * Yearly acquisition amount limited to:

3 Lender Consent Required for Compensation Increase: Yes No

* Amount compensation limited to:

Evidence of compliance with Bulk Sales or Transfer provisions of state law Yes No

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Section F: Debenture Sale Conditions

Loan Authorization Language	ETRA Category and/or Field Location
F. Debenture Sale Conditions	Standard SBA boilerplate verbiage F.1.a. and F.1.c. will adjust to show and Operating Company if the structure is EPC/OC.

F. DEBENTURE SALE CONDITIONS

1. SBA will not authorize the sale of the Debenture until SBA is satisfied that:
 - a. there has been no unremedied adverse change in the financial condition, organization, management, operations, or assets of Borrower;
 - b. all the terms and conditions of this Authorization have been met, and;
 - c. Borrower and the CDC have complied with their responsibilities as listed below.
2. IT IS BORROWER'S RESPONSIBILITY TO:
 - a. Comply with other conditions, outside the Authorization, that are reasonably imposed by CDC.
 - b. Cooperate fully with CDC and SBA in closing the Loan and obtaining necessary certifications and documents.
 - c. Comply with the closing instructions provided by CDC and SBA.
 - d. Execute all documents required by CDC and SBA. All documents required to be produced by the Borrower must be satisfactory to SBA in form and substance.
 - e. Submit all required documents to CDC counsel sufficiently in advance of 504 Loan Closing (as directed by CDC counsel).
 - f. Certify that all elements of Project Costs have been paid in full and how they were paid.
 - g. Certify that any bankruptcy or insolvency proceeding involving, or pending lawsuit against, Borrower, Operating Company or any of their principals has been disclosed in writing to CDC.
3. IT IS CDC'S RESPONSIBILITY TO:
 - a. Close the Loan in accordance with the terms and conditions of this Authorization.
 - b. Obtain valid and enforceable Loan documents and all required lien positions. This includes obtaining the signatures or written consent of any obligor's spouse if such consent or signature is necessary to bind the marital community or create a valid lien on marital property.
 - c. Obtain all necessary certifications.
 - d. Obtain a legal opinion from CDC counsel or Borrower's counsel if

F. DEBENTURE SALE CONDITIONS

1. SBA will not authorize the sale of the Debenture until SBA is satisfied that:
 - a. there has been no unremedied adverse change in the financial condition, organization, management, operations, or assets of Borrower **and Operating Company**;
 - b. all the terms and conditions of this Authorization have been met, and;
 - c. Borrower **and Operating Company** and the CDC have complied with their responsibilities as listed below.

Section G. Signature Lines

Loan Authorization Language	ETRAN Category and/or Field Location
G. Signature Line	Borrowers Guarantors menu (if applicable)

The ETRAN Authorization auto-generates a signature block for:

- SBA
- CDC
- Borrower
- Operating Company, if applicable

G. SIGNATURE LINE

ADMINISTRATOR
SMALL BUSINESS ADMINISTRATION

By: Authorized SBA Representative

_____ Date

In consideration for the provision by SBA of financial assistance to CDC for the benefit of Borrower, and intending to be bound, Borrower Operating Company and CDC accept and agree to comply fully with the terms and conditions of this Authorization for Debenture Guarantee. Each person signing below represents and warrants that he or she is fully authorized to execute this Authorization in the capacity indicated.

This Authorization should be executed by all parties within 10 days of Loan approval.
The terms and conditions of this Authorization survive 504 Loan Closing and Debenture sale.

Evergreen Business Capital

(Corporate Seal if Required)

By (name, title):

_____ Date

Attest or Witness, as required (name, title):

_____ Date

Mill Valley Holdings, Inc.

(Corporate Seal if Required)

By (name, title):

_____ Date

Attest or Witness, as required (name, title):

_____ Date

Contact Info



504LoanAuth@sba.gov

Please do not contact SLPC or SBA HQ for questions regarding the ETRAN Loan Authorization.