

# LENDER'S GUIDE TO CLOSING THE 504 LOAN



## LOAN TERMS AND FEES

The Lender must provide permanent financing for at least 50% of the Total Project Costs.

The Lender's loan may not have a maturity date prior to these minimum loan terms:

COLLATERAL	DEBENTURE TERM	MINIMUM LENDER TERM
Machinery/ Equipment	120 months	84 months
Real Estate	240 months	120 months

JEDCO's portion of the financing is a fully amortized, fixed-rate loan. The rate is established when the project has been completed, the SBA loan has been closed, and the debenture is sold.

*(Current and historical debenture rates may be found at [www.eaglecompliance504.com](http://www.eaglecompliance504.com))*

**The Lender independently negotiates amortization, rates, rate adjustments, and fees on its portion of the financing.**

## BANK COMMITMENT LETTER

All 504 loan package submissions must include a **letter of intent/ term sheet from the participating lender** stating the terms and conditions of its participation and the reason why the Borrower does not have the ability to obtain the requested loan funds on reasonable terms from non-federal sources.

Acceptable factors that demonstrate weakness in the credit or exceed policy limits of the Third Party Lender include:

- Sources related to the Applicant – including the liquidity of all owners of 10% or more of the equity of the Applicant – do not demonstrate the capacity necessary for minimum borrower injection as permitted by the Lender's policy;
- The requested loan exceeds the Third Party Lender's policy limit regarding the amount that it can lend to one customer;
- The collateral does not meet the Third Party Lender's policy requirements;
- The Third Party Lender's policy normally does not allow loans to new businesses or businesses in the Applicant's industry; and/or
- Any other factors relating to the credit (such as business and personal credit history) that, in the Third Party Lender's opinion, cannot be overcome except for the guaranty of the SBA.

These other factors must be specifically documented in the 'Bank Commitment Letter' (APPENDIX A).

Please submit the Bank Commitment Letter or similar letter of intent on your Bank's letterhead.

## APPRAISALS

### TIMING

The appraisal report must be dated no earlier than one year from the date of the "SBA Authorization". If the report is older than one year, an update will be required prior to the closing of the JEDCO/SBA loan. If the appraisal comes in at less than 90% of estimated value, then the debenture must be reduced or additional collateral or borrower contribution must be collected.

### FORMAT

All 504 real estate projects will require a USPAP-compliant appraisal by a state-licensed or state-certified appraiser.

Projects > \$1MM require state-certified appraiser.

STRAIGHT PURCHASE: Appraisal must include 'as-is' value.

CONSTRUCTION or SUBSTANTIAL RENOVATION: Appraisal must contain both 'as-is' and 'as complete' values.

*Substantial = 1/3 of purchase price or FMV at the time of application*

### FAQ

Q: Do I need an appraisal to submit a loan package to the SBA?

A: No, an appraisal must be submitted and approved prior to closing but is not required at time of application.

#### EXCEPTIONS:

- (1) Equity in land owned > 2 yrs is being contributed as Borrower's equity injection
- (2) The property is your Bank's OREO
- (3) The project is not an arm's length transaction

### IMPORTANT

The appraisal report must **identify SBA as an intended user**. A letter of redirection will not be sufficient. JEDCO and SBA should be identified as follows:

JEDCO Development Corporation	U.S. Small Business Administration
700 Churchill Parkway Avondale, LA 70094	Sacramento Loan Processing Center (SLPC) 6501 Sylvan Road Suite 111 Citrus Heights, CA 95610

### IMPORTANT

**CONSTRUCTION/ SUBSTANTIAL RENOVATION LOANS:** At completion, the appraisal must be re-certified indicating compliance to the plan, specs and materials as presented in the original appraisal.

## ENVIRONMENTAL INVESTIGATIONS

The SBA requires an Environmental Investigation for ALL LOANS secured by commercial real estate.

### TIMING

The SBA loan approval can occur prior to receipt and review of the environmental investigation, but it's best to address any environmental concerns as early as possible in the process.

It is strongly recommended that the Bank works with JEDCO to have the SBA approve the environmental investigation before any loan disbursement. As your partner in this process, JEDCO wants to be certain that SBA has no further environmental requirements before the Bank is committed to the loan.

### TYPE AND DEPTH OF INVESTIGATION

A good faith effort must be made to determine the NAICS code(s) for the property's current and known prior uses.

If there is no NAICS code match to an environmentally sensitive industry (APPENDIX B), complete Environmental Questionnaire (APPENDIX C).

If the property's current or prior use is identified as that of an environmentally sensitive industry, then a Phase I is required.

*Note: If the **NAICS code begins with 447** (gas stations with or without c-stores), refer to *Environmental Investigations for Gas Station Loans* (APPENIX D)*

### Environmental Questionnaire (EQ)

- If EQ indicates no further action is required, then submit to JEDCO for concurrence and submission to SBA.
- If EQ requires further action, then order Records Search with Risk Assessment.

*Note: If the **current property owner is unwilling or unable to sign the EQ**, then a Transaction Screen must be ordered.*

### Records Search with Risk Assessment. (RSRA)

- If RSRA concludes property is "low risk" for contamination, then submit to JEDCO for concurrence and submission to SBA.
- If RSRA concludes property is an "elevated risk" or "high risk" for contamination, then Phase I is required.

*An environmental investigation will include one or more of the following:*

Environmental Questionnaire

Records Search with Risk Assessment

Transaction Screen

Phase I

Phase II

LOW

Contamination Concern

HIGH

### FAQ

Q: Can I use a Phase I previously completed on the subject property?

A: Yes, if the Phase I was completed less than 180 days prior to the acquisition date.

### Phase I

The SBA will require compliance with all of an environmental professional's recommendations including 'housekeeping measures' such as secondary containment and sealing floor drains.

If Phase I ESA reveals contamination, please consult with your JEDCO Loan Officer to determine next best steps.

### ENVIRONMENTAL PROFESSIONALS

Transaction screens, Phase I and Phase II reports must be completed by an environmental professional who meets the EPA's AAI requirements and must include the SBA Reliance Letter (APPENDIX E).

APPENDIX A

Sample Bank Commitment Letter

YOUR  
BANK'S  
LETTERHEAD

[Date]

Jennifer Lapeyrouse, Economic Development Finance Manager  
JEDCO Development Corporation  
700 Churchill Parkway,  
Avondale, LA 70094

RE: ***[insert name of applicant]***  
***[insert project address, city, state]***

Dear Ms. Lapeyrouse:

***[Insert name of lender]*** has reviewed the applicant's request for the ***[insert project components such as purchase, improvements, construction]*** of the ***[real estate and/or equipment]*** located at ***[insert project address, city, state]***. This Bank is not in a position to meet the borrower's request for full project financing at this time as ***[insert reason, such as, "the repayment reliance on future projected revenue is an exception to our credit policy" or "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 JEDCO Development Corporation in the SBA 504 loan program to benefit ***[Insert name of applicant]***. ***[Insert name of lender]***'s proposed terms:

LOAN AMOUNT:	<b><i>\$(insert amount of your Bank's loan)</i></b>
% TOTAL PROJECT COST:	<b><i>[insert % of Project Cost]%</i></b>
RATE:	<b><i>[insert complete interest rate, not just the initial rate]</i></b>
TERM:	<b><i>[insert term]</i></b>
AMORTIZATION:	<b><i>[insert amortization period]</i></b>

***[Insert name of lender]***, is willing to provide an interim loan in the amount of \$ ***[insert JEDCO's loan amount]*** 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 collateral. 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 ***[Optional: This is conditioned on the final Bank approval as well as the approval by the Small Business Administration.***

Sincerely

Name of Lending Official  
Title

APPENDIX B  
NAICS Codes of ENVIRONMENTALLY SENSITIVE INDUSTRIES

211	OIL & GAS EXTRACTION
212	MINING (EXCEPT OIL & GAS)
213	SUPPORT ACTIVITIES FOR MINING
237	HEAVY & CIVIL ENGINEERING CONSTRUCTION
311	FOOD MANUFACTURING (if underground fuel tanks present)
312	BEVERAGE & TOBACCO PRODUCT MANUFACTURING
313	TEXTILE MILLS (not required if sewing, weaving, or hemming only)
314	TEXTILE PRODUCT MILLS (not required if sewing, weaving, or hemming only)
316	LEATHER & ALLIED PRODUCT MANUFACTURING
321	WOOD PRODUCT MANUFACTURING (if finishing occurs on site)
322	PAPER MANUFACTURING
323	PRINTING & RELATED SUPPORT ACTIVITIES
324	PETROLEUM & COAL PRODUCTS MANUFACTURING
325	CHEMICAL MANUFACTURING
326	PLASTICS & RUBBER PRODUCTS MANUFACTURING
327	NONMETALLIC MINERAL PRODUCTS MANUFACTURING
331	PRIMARY METAL MANUFACTURING
332	FABRICATED METAL PRODUCT MANUFACTURING
333	MACHINERY MANUFACTURING (not required if assembly only)
334	COMPUTER & ELECTRONIC PRODUCT MANUFACTURING (not required if assembly only)
335	ELECTRICAL EQUIPMENT, APPLIANCE & COMPONENT MANUFACTURING (not required if assembly only)
336	TRANSPORTATION EQUIPMENT MANUFACTURING
337	FURNITURE & RELATED MANUFACTURING (if finishing occurs on site)
339	MISCELLANEOUS MANUFACTURING (only required if hazardous materials are involved)
42311	AUTOMOBILE & OTHER MOTOR VEHICLE MERCHANT WHOLESALERS (if service bays present)
42314	MOTOR VEHICLE PARTS (USED) MERCHANT WHOLESALERS
4235	METAL & MINERAL MERCHANT WHOLESALER
42393	RECYCLABLE MATERIAL MERCHANT WHOLESALER
4246	CHEMICAL & ALLIED PRODUCTS MERCHANT WHOLESALERS
4247	PETROLEUM & PETROLEUM PRODUCTS MERCHANT WHOLESALERS
441	MOTOR VEHICLE AND PARTS DEALERS (if service bays present)
447	GASOLINE STATIONS
45431	FUEL DEALERS (not required for propane or firewood dealers)
481	AIR TRANSPORTATION
482	RAIL TRANSPORTATION
486	PIPELINE TRANSPORTATION

NAICS Codes of ENVIRONMENTALLY SENSITIVE INDUSTRIES continued

- 53212 TRUCK, UTILITY TRAILER, AND RV (RECREATIONAL VEHICLE) RENTAL & LEASING (if repairs, maintenance or vehicle washing are performed onsite)
- 53241 CONSTRUCTION, TRANSPORTATION, MINING & FORESTRY MACHINERY & EQUIPMENT RENTAL & LEASING (if repairs, maintenance or vehicle washing are performed onsite)
- 53249 OTHER COMMERCIAL & INDUSTRIAL MACHINERY & EQUIPMENT RENTAL & LEASING (if repairs, maintenance or vehicle washing are performed onsite)
- 54138 TESTING LABORATORIES
- 56171 EXTERMINATING & PEST CONTROL
- 562 WASTE MANAGEMENT & REMEDIATION SERVICES
- 6221 GENERAL MEDICAL & SURGICAL HOSPITALS (if fuel tanks are present)
- 71391 GOLF COURSES & COUNTRY CLUBS
- 71392 SKIING FACILITIES
- 71393 MARINAS
- 7212 RV (RECREATIONAL VEHICLES) PARKS & RECREATIONAL CAMPS
- 8111 AUTOMOTIVE REPAIR & MAINTENANCE (except for "car wash only" facilities: start with Transaction Screen)
- 8112 ELECTRONIC & PRECISION EQUIPMENT REPAIR & MAINTENANCE (not required if assembly only)
- 8113 COMMERCIAL & INDUSTRIAL MACHINERY & EQUIPMENT REPAIR & MAINTENANCE
- 8122 DEATH CARE SERVICES
- 8123 LAUNDRY & DRY CLEANING SERVICES (if dry cleaning operations have ever existed on site)
- 812921PHOTOFINISHING LABORATORIES (except one hour)

Regardless of NAICS, if the applicant sells, supplies or dispenses fuel, gasoline, or heating oil, the a Phase I is required. A complete list of industries and corresponding NAICS codes is available at <http://www.census.gov/eos/www/naics/>

**APPENDIX C**  
**ENVIRONMENTAL QUESTIONNAIRE - PG 1 of 5**

CDC Name JEDCO Development Corporation

Applicant Name \_\_\_\_\_

OC Name(s) (If applicant is an EPC) \_\_\_\_\_

SBA 504 Loan Number (If assigned) \_\_\_\_\_

SBA 504 Loan Name (If assigned) \_\_\_\_\_

**PART I - COLLATERAL PROPERTY**

Address: \_\_\_\_\_

Current Owner: \_\_\_\_\_

Current Operator of site (if different from current Owner): \_\_\_\_\_

**1. Past and Present Uses of Collateral Property:**

a. Past use(s):

- (1) Did the past use(s) of the property involve an environmentally sensitive industry? *(If yes, then list NAICS code(s) from SOP 50-10(5) Appendix 4)*

b. Present use:

- (1) Does the present use of the property involve an environmentally sensitive industry? *(If yes, then list NAICS code(s) from SOP 50-10(5) Appendix 4)*

**2. Hazardous Substances at Collateral Property:**

a. If the property is being used for the storage, generation, treatment, emission or disposal of hazardous substances, then list what hazardous substance(s) *(otherwise, mark N/A)*:

- (1) If yes, are all permits current for the storage, generation, treatment, emission or disposal of hazardous substances at the property? *(if permits are not current, please explain)*

b. List any other hazardous substances identified, either in the past or present, as being at, on, in, into, under, above, from or about the property *(if none, mark N/A)*:

## ENVIRONMENTAL QUESTIONNAIRE - PG 2 of 5

3. Evidence of Contamination at Collateral Property: Is there any evidence of contamination at the property? *(If yes, please explain)*
  
4. Potential Sources of Contamination at Collateral Property: Are there potential sources of contamination<sup>1</sup> at the property? *(If yes, please explain)*
  
5. Past Evidence of Contamination at Collateral Property: Does the borrower, seller or CDC know of any past evidence of contamination or sources of contamination at the property? *(If yes, please explain)*
  
6. Lawsuits or Administrative Proceedings for Release of Hazardous Substances at Collateral Property: Does the borrower, seller or CDC know of any past, threatened or pending lawsuits or administrative proceedings concerning a release or threatened release of hazardous substances at the property? *(If yes, please explain)*
  
7. Regulatory Actions by Governmental Entity Involving Collateral Property: Are there, or have there been, any regulatory actions by any governmental entity for environmental conditions at the property? *(If yes, please explain)*
  
8. Previous Environmental Risk Studies of Collateral Property: Are there any previously performed environmental risk studies pertaining to the property? *(If yes –please attach copies)*

<sup>1</sup> Sources of contamination may include, but are not limited to, the following: (1) damaged or discarded automotive or industrial batteries; (2) pesticides, paints or other chemicals stored in individual containers greater than 5 gallons in volume or 50 gallons in the aggregate; (3) chemicals in industrial drums or sacks; (4) pits, ponds or lagoons used for waste disposal or storage; (5) fill dirt from a contaminated or unknown source; (6) underground or aboveground storage tanks; (7) vent pipes, fill pipes or access ways indicating a fill pipe protruding from the ground; (8) flooring drains or walls within a facility that are stained by substances other than water and/or are emitting noxious odors; (9) clarifiers, pits or sumps; (10) dry wells.



**ENVIRONMENTAL QUESTIONNAIRE - PG 3 of 5**

9. Lead-Based Paint, Asbestos or PCBs at Collateral Property: Is lead-based paint, asbestos or polychlorinated biphenyls (PCBs) present at the property? *(If yes, please explain)*

---

**Owner's remarks:**

**Owner's signature:**

**Date:**

---

**Operator of site's remarks:**

**Operator of site's signature:**

**Date:**

---

**Lender's remarks:**

**I affirm that I have made at least one site visit to the property.**

**Lender's signature:**

**Date:**

---

## ENVIRONMENTAL QUESTIONNAIRE - PG 4 of 5

### PART II – ADJOINING PROPERTY(IES)

*The following must be completed for each adjoining property the border of which is shared in part or in whole with the Collateral Property, or that would be shared in part or in whole with the Collateral Property but for a street, road, or other public thoroughfare separating the properties. If needed, make additional copies of pages 4-5 for each adjoining property.*

Address: \_\_\_\_\_

Location in relation to Collateral Property: \_\_\_\_\_

Current Owner: \_\_\_\_\_

Current Operator of site (if different from current Owner): \_\_\_\_\_

#### 1. Past and Present Uses of Adjoining Property:

##### a. Past use(s):

- (1) Did the past use(s) of the property involve an environmentally sensitive industry? *(If yes, then list NAICS code(s) from SOP 50-10(5) Appendix 4)*

##### b. Present use:

- (1) Does the present use of the property involve an environmentally sensitive industry? *(If yes, then list NAICS code(s) from SOP 50-10(5) Appendix 4)*

#### 2. Hazardous Substances at Adjoining Property:

- a. If the property is being used for the storage, generation, treatment, emission or disposal of hazardous substances, then list what hazardous substance(s) *(otherwise, mark N/A)*:

- (2) If yes, are all permits current for the storage, generation, treatment, emission or disposal of hazardous substances at the property? *(if permits are not current, please explain)*

- b. List any other hazardous substances identified, either in the past or present, as being at, on, in, into, under, above, from or about the property *(if none, mark N/A)*:

## ENVIRONMENTAL QUESTIONNAIRE - PG 5 of 5

3. Evidence of Contamination at Adjoining Property: Is there any evidence of contamination at the property? *(If yes, please explain)*
  
4. Potential Sources of Contamination at Adjoining Property: Are there potential sources of contamination<sup>1</sup> at the property? *(If yes, please explain)*
  
5. Past Evidence of Contamination at Adjoining Property: Does the borrower, seller or CDC know of any past evidence of contamination or sources of contamination at the property? *(If yes, please explain)*
  
6. Lawsuits or Administrative Proceedings for Release of Hazardous Substances at Adjoining Property: Does the borrower, seller or CDC know of any past, threatened or pending lawsuits or administrative proceedings concerning a release or threatened release of hazardous substances at the property? *(If yes, please explain)*
  
7. Regulatory Actions by Governmental Entity Involving Adjoining Property: Are there, or have there been, any regulatory actions by any governmental entity for environmental conditions at the property? *(If yes, please explain)*

<sup>1</sup> Sources of contamination may include, but are not limited to, the following: (1) damaged or discarded automotive or industrial batteries; (2) pesticides, paints or other chemicals stored in individual containers greater than 5 gallons in volume or 50 gallons in the aggregate; (3) chemicals in industrial drums or sacks; (4) pits, ponds or lagoons used for waste disposal or storage; (5) fill dirt from a contaminated or unknown source; (6) underground or aboveground storage tanks; (7) vent pipes, fill pipes or access ways indicating a fill pipe protruding from the ground; (8) flooring drains or walls within a facility that are stained by substances other than water and/or are emitting noxious odors; (9) clarifiers, pits or sumps; (10) dry wells.

## APPENDIX D

### ENVIRONMENTAL INVESTIGATION REQUIREMENTS FOR GAS STATION LOANS

**NOTE: Lenders are reminded that documentation associated with gas station loans can be voluminous and complex. Apart from environmental concerns there are affiliation and credit issues that Lenders must analyze in order to make the initial loan eligibility determination.**

The Environmental Investigation requirements set forth below apply to all loans secured by a lien or security interest on real property (a fee simple or leasehold mortgage, deed of trust, etc.) or personal property (gas station fixtures or equipment such as tanks, pumps, lines, etc.) currently used to operate a gas station or commercial fueling facility ("Gas Station Loans"). These requirements would not apply when the applicant operates a business, such as a convenience store associated with a gas station, in which the applicant only leases the real or personal property and neither the real nor personal property is used as collateral for the loan. Nor do these requirements apply to situations where the only collateral for the loan is something other than gas station equipment (for example, food inventory, shelving, etc.).

- a. Environmental Site Assessment. The Environmental Investigation for all Gas Station Loans (including those secured by gas station equipment only) must: (1) begin with a Phase I ESA with the additional requirement that it be conducted by an independent Environmental Professional; (2) include an analysis of all relevant environmental records concerning the Property and Adjoining Properties, including any records provided by the seller if the loan is to purchase the Property; (3) include the equipment testing described in b. below (even if the loan is secured by real property only); (4) include the results of any further investigation, which may include a Phase II, recommended by the Environmental Professional (Any Phase II performed in connection with a Gas Station Loan must be conducted by an independent Environmental Professional *who holds a current Professional Engineer's or Professional Geologist's license and has the equivalent of three (3) years of full time relevant experience.*); and (5) if the Property is Contaminated, include a detailed description of and cost estimate for the recommended Remediation.
- b. The Environmental Investigation performed by the Environmental Professional must include a determination whether or not the gas station is in compliance with all state requirements, if any, pertaining to tank and equipment testing. A loan may not be disbursed until full compliance is achieved. Further, any leaking or otherwise defective equipment, systems, containment devices, etc., must be replaced or repaired prior to disbursement.
- c. Results of Environmental Investigation.
  - (1) Property is not Contaminated. If the Environmental Professional concludes that the Property is not contaminated, the Lender must submit the results of the Environmental Investigation to SBA with recommendations and seek SBA's concurrence.
  - (2) Property is Contaminated. If the Environmental Professional concludes that the Property is Contaminated, Lender can either: (1) decline the loan; or (2) follow the requirements set forth in paragraph III.G. of the Environmental Policies and Procedures sections of this SOP entitled, "Approval and Disbursement of loans when there is Contamination or Remediation at the Property," *provided that at a minimum, the SBA Indemnification*

*Agreement as described at paragraph G.4.a) must always be obtained and signed by the seller.* (There may be situations where it is not practical to require the seller to sign the indemnification agreement; for example, the property is being sold from a probate estate or through a trustee in bankruptcy. Waivers may be sought from the SBA Environmental Committee at [environmentalappeals@sba.gov](mailto:environmentalappeals@sba.gov) on a case-by- case basis. A mere unwillingness on the part of a seller to execute the indemnification agreement is not a sufficient basis for a waiver. PLP, SBA Express, and Export Express Lenders and PCLP CDCs do not have the authority to grant a waiver and are also required to follow this procedure.) In addition, prudent lending practices may require a Lender to utilize some of the other listed mitigating factors such as requiring additional collateral.

- (3) When Waiver and Release of Right to Indemnification from SBA/Lender Required. If any oil company or other Person has a right to indemnification from subsequent owners of the Property (e.g., SBA/Lender after acquiring Property through foreclosure or other means), then they must execute either the SBA Indemnification Agreement or another document in which they waive all known and unknown rights and release all claims and causes of action whether now or hereafter in existence against SBA and Lender related to Contamination at the Property including the right to indemnification. The document containing the waiver and release must be recorded. Lenders and CDCs, except when submitting requests through PLP, SBA Express and Export Express, must submit all waiver and releases to the SBA center processing the loan for review and approval by SBA counsel, along with a copy of the title report, the document providing for indemnification, and the purchase and sale documents, if any. PCLP CDCs must also submit the waiver and release to the SBA for review and approval prior to a request that SBA fund the loan.

## APPENDIX E

### RELIANCE LETTER

**[Letterhead of Environmental Professional or Environmental Professional's Firm]**

[Date]

To: [Lender/CDC Name and Address] ("Lender") and

U.S. Small Business Administration ("SBA")

Re: Borrower Name:

Project Address ("Property"):

Environmental Investigation Report Number(s):

Dear Lender and SBA:

[Name of Environmental Professional] ("Environmental Professional") meets the definition of an Environmental Professional as defined by 40 C.F.R. § 312.10(b) and has performed the following "Environmental Investigation(s)" (check all that apply):

\_\_\_\_\_ A Transaction Screen of the Property dated\_\_\_\_\_, 20\_\_\_\_, conducted in accordance with ASTM International's most recent standard (currently ASTM E1528-14);

\_\_\_\_\_ An Phase I (or an Updated Phase I) Environmental Site Assessment of the Property dated\_\_\_\_\_, 20\_\_\_\_, conducted in accordance with ASTM International's most recent standard (currently ASTM E1527-13). In addition, the Environmental Professional has addressed the performance of the "additional inquiries" set forth at 40 C.F.R. § 312.22;

\_\_\_\_\_ A Phase II Environmental Site Assessment of the Property dated\_, 20\_\_\_\_, conducted in accordance with generally-accepted industry standards of practice and consisting of a scope of work that would be considered reasonable and sufficient to identify the presence, nature and extent of a Release as it impacts the Property.

Reliance by SBA and Lender. Environmental Professional (and Environmental Professional's firm, where applicable) understand(s) that the Property may serve as collateral for an SBA guaranteed loan, a condition for which is an Environmental Investigation of the Property by an Environmental Professional. Environmental Professional (and Environmental Professional's firm, where applicable) authorize(s) Lender and SBA to use and rely upon the Environmental Investigation. Further, Environmental Professional (and Environmental Professional's firm, where applicable) authorize(s) Lender and SBA to release a copy of the Environmental Investigation to the borrower for information purposes only. This letter is not an update or modification to the Environmental Investigation. Environmental Professional (and Environmental Professional's firm, where applicable) makes no representation or warranty, express

or implied, that the condition of the Property on the date of this letter is the same or similar to the condition of the Property described in the Environmental Investigation.

Insurance Coverage. Environmental Professional (and/or Environmental Professional's firm, where applicable) certifies that he or she or the firm is covered by errors and omissions liability insurance with a minimum coverage of \$1,000,000 per claim (or occurrence) and that evidence of this insurance is attached. As to the Lender and SBA, Environmental Professional (and Environmental Professional's firm, where applicable) specifically waive(s) any dollar amount limitations on liability up to \$1,000,000.

Waiver of Right to Indemnification. Environmental Professional and Environmental Professional's firm waive any right to indemnification from the Lender and SBA.

Impartiality. Environmental Professional certifies that (1) to the best of his or her knowledge, Environmental Professional is independent of and not a representative, nor an employee or affiliate of seller, borrower, operating company, or any person in which seller has an ownership interest; and (2) the Environmental Professional has not been unduly influenced by any person with regard to the preparation of the Environmental Investigation or the contents thereof.

Acknowledgment. The undersigned acknowledge(s) and agree(s) that intentionally falsifying or concealing any material fact with regard to the subject matter of this letter or the Environmental Investigations may, in addition to other penalties, result in prosecution under applicable laws including 18 U.S.C. § 1001.

---

Environmental Professional

Printed Name:

**(Note: The Environmental Professional must always sign this letter above. If the Environmental Professional is employed or retained by an Environmental Firm, then an authorized representative of the firm must also sign below).**

---

Signature of representative of firm who is authorized to sign this letter

Printed Name & Title:

Name of Environmental Firm:

Enclosure: Evidence of Insurance