

Sample Bank Letter of Commitment  
SBA 504 program

Date

Mr. Larry Mandigo  
President  
Dakota Certified Development Corporation  
4133 30<sup>th</sup> Ave. S. Suite 100  
Fargo, ND 58104

RE: Name  
Address, City, State

Dear **Mr. Mandigo**

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

*[Insert Name of Lender]*, however, is willing to participate with *[insert name of CDC]* in the SBA 504 loan program to benefit *[Insert Name of applicant]*. In this connection, the Bank's \$*[insert amount of TPL loan]* *[insert % of Project Cost]* would have an interest rate of *[insert complete interest rate, not just the initial rate]*. The note will be for a term of *[insert term]* to be amortized over *[insert amortization period]*.

The project is located at *[physical address of project property]*. The bank commitment is contingent upon the collateral and guarantors listed below:

**List third party lender collateral requirements**  
**List guarantors for third party lender loan**

In addition, *[Insert Name of Lender]*, is willing to provide an interim loan in the amount of \$ *[insert amount of interim loan]* *[insert % of the Project Cost]* to be repaid from the proceeds of the debenture sale. This interim loan is to be secured by a *[insert lien position]* on the subject real estate. In addition, the SBA approval of this loan is conditioned upon the receipt by SBA from Bank of a one-time participation fee equal to one-half of one percent of the principal amount of the Bank loan attributable to the 504 project that is senior to SBA. *[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