

## 504 Prepayment Guidelines (Payoffs)



As disclosed in the Note, the SBA 504 Note may be prepaid in full on the **3<sup>rd</sup> Thursday\* of each month**. Partial prepayments (payments) may not be made on the 504 Note.

While the “Note” may be prepaid ONLY on any 3<sup>rd</sup> Thursday of a month, the Debenture can only be paid off semi-annually. The prepayment calculations escrow the number of payments required to pay to the next semi-annual Debenture payment date, including the month of that semi-annual payment. Depending upon the timing of the prepayment request in relationship to the semi-annual Debenture payment date, one to six months of principal and interest payments will be escrowed. Consequently, **the best time to prepay your SBA 504 Note in full is the month prior to your semi-annual Debenture payment date.**

Regardless of what month you decide to prepay the 504 loan, you are required to make all monthly payments up to and including the month of your next semi-annual Debenture payment in order to have enough funds to prepay the note and debenture balance.

Additionally, there is also a prepayment premium in effect during the first 10 years of the 20-year 504 Note or during the first 5 years of the 10-year 504 Note. The prepayment premium declines every six months from the date of inception through the first half of the Note term. This premium is included in the prepayment amount, if applicable.

### **The Process:**

Please notify SCKEDD in writing at least 30 days PRIOR to the anticipated prepayment date of your intent to prepay the SBA 504 Note (see attached request forms). We have a limited window to schedule the loans for prepayment with Wells Fargo – the deadline is no later than 8 calendar days prior to the 3<sup>rd</sup> Thursday of the prepayment month.

Prepayment estimates are also available at any time and can be obtained a month or more in advance of a projected prepayment. The prepayment estimate should be used only as an estimate. The actual prepayment amount may differ slightly from the estimate.

The “actual” prepayment amount is available on the sixth business day of the prepay month.

Prepayments must be wired and received on or before Noon Eastern Time (11 Central Time) on the prepayment date. (We recommend the wire be sent the day prior to the prepayment date.)

*\*Pre-payments can be wired to Wells Fargo at any time from the sixth business day of the month through the 3<sup>rd</sup> Thursday of the month. SCKEDD must notify Wells Fargo of early prepayment if the prepayment will be wired prior to the 3<sup>rd</sup> Wednesday of the month.*

Send prepayment requests to 504 Loan Servicing:

Email: Julie Baker – [jbaker@sckedd.org](mailto:jbaker@sckedd.org)  
Fax: (316) 262-7062 – Attention: 504 Loan Servicing, Julie Baker  
Mail: 504 Loan Servicing  
South Central Kansas Economic Development District, Inc.  
200 W. Douglas, Suite 710, Wichita, KS 67202

**Prepayment (Payoff) Estimate**

Prepayment estimates are available at any time and can be obtained a month or more in advance of a projected prepayment. The prepayment estimate should be used only as an estimate. The actual prepayment amount may differ slightly from the estimate.

SBA Loan Number:

SBA Loan Name:

Please provide the prepayment estimate if our SBA 504 loan is prepaid in full on Thursday, \_\_\_\_\_, 20\_\_ (3<sup>rd</sup> Thursday of the month). I/We are obtaining the prepayment estimate for informational purposes only and I/we understand a **Prepayment in Full** request must be submitted if we intend to prepay the loan in full.

Authorized signer(s):

\_\_\_\_\_  
Signature  
Print Name:

\_\_\_\_\_  
Date  
Title:

\_\_\_\_\_  
Signature  
Print Name:

\_\_\_\_\_  
Date  
Title:

Please provide a copy of the prepayment estimate to the following lender:

Lender Name:

Lender Contact:

Contact E-mail:

Contact Phone #:

## Prepayment (Payoff) in Full

The “actual” prepayment (payoff) amount and wiring instructions are available from the Central Servicing Agent (Wells Fargo) on the sixth business day of the prepayment month.

SBA Loan Number:

SBA Loan Name:

Please provide the prepayment instructions and the dollar amount necessary to prepay our SBA 504 loan in full on \_\_\_\_\_, 20\_\_\_\_. (3rd Thursday of the month). Our intent is to prepay our SBA 504 loan on this date.

I/We understand that a prepayment estimate can be obtained at any time; however, the “actual” prepayment amount is available beginning the sixth business day of the prepayment month.

***SCKEDD will schedule my loan for prepayment no later than eight business days prior to the prepayment date as required by Wells Fargo Corporate Trust Services.***

Authorized signer(s):

\_\_\_\_\_  
Signature  
Print Name:

\_\_\_\_\_  
Date  
Title:

\_\_\_\_\_  
Signature  
Print Name:

\_\_\_\_\_  
Date  
Title:

Please provide a copy of the prepayment estimate to the following lender:

Lender Name:

Lender Contact:

Contact E-mail:

Contact Phone #: