

Verification of Project Costs



Providing Evidence of Project Costs and the Use of Loan Proceeds

Each SBA 504 loan requires verification that funds have been used as approved by SBA. Utah CDC needs to retain evidence of the use of all funds in our loan file. This evidence must include the funds provided by the borrower directly, the funds provided for the purchase of land, building, and any equipment, and funds used for any remodeling or construction. The interim lender and borrower will need to provide this verification using this type of evidence:

- A **final** Settlement Statement that is **certified and signed by the title company or an attorney**, with purchase price, amount of new loans, and cash from borrower clearly reflected on the Settlement Statement.
- Copies of paid invoices **AND** associated cleared checks attached to each invoice, showing both the back and front of the check.
- Copies of bank statements listing the cleared checks, **AND** copies of the cleared checks attached, showing both the back and front of the check.
- Interim interest paid out of pocket by the borrower needs to be verified by bank/credit union statements or account printouts, signed by the lending loan officer or other authorized lending official.
- Signed and dated construction contracts for ground up construction projects or for major renovations requiring the borrower to hire someone to complete the work.
- Copies of construction disbursements made by the Interim Lender
- If seller financing is utilized for a portion of the borrower contribution, a copy of the seller Note is required.
- If equity in existing land is utilized for a portion, or all, of the borrower contribution, the CDC will document this with the appraisal if the land was purchased more than two years prior to the SBA loan application. If the land was purchased less than two years prior to the application, we will need a settlement statement as outlined above.

If you have any questions regarding the verification of project costs, please feel free to contact Utah CDC. We are happy to be of assistance.