

COASTAL SECURITIES, INC.

Good Delivery Requirements

SBA 504 FMLP Program

***Note:** All loans must be paid to the 1st day of month of pool issuance.

Documents to be included in all Transaction Packages (Coastal as Originator):

A. First Lien Position 504 Loan Pool Guarantee Agreement (SBA Form 2401).

- This is the original document that is completed and executed by the Seller/Lender.
- Key for completion of SBA Form 2401 is attached.
- Corrections or whiteouts will not be accepted by Colson Services Corp., acting as the Central Servicing Agent (CSA) for the SBA.

B. Certified Copy of the Borrower's Note - must be executed by the Borrower.

- **Step 1:** The following legend must be placed at the top of the first page of the **original note**, signed and dated by an authorized officer of the Seller: "85% of this Pool Loan has been sold for value." Upon completion/execution, make a copy of the original note with the attached legend. The signature on the legend will now be a photocopy.
- **Step 2:** On the **COPY** of the Original Note and any Modification(s), the following certification language must be referenced (printed or typed): "We certify this document to be a true and correct copy of the Original Document." This certification must also be signed by an authorized officer and dated (preferably in blue ink). The signature on the certification must be an original signature (any photocopy will be rejected by the CSA).

C. SBA FMLP Program Authorization Agreement for Preauthorized Payment (ACH Debit).

- This form must be an **original** form signed by the Borrower.
- Copy of a Borrower's voided check or deposit slip must be attached to form- CSA will verify the accuracy of the account number to avoid rejected payments.
- Copy of ACH Debit Advice is attached. Seller cannot utilize their own form.

D. W-9 (Request for Taxpayer Identification Number and Certification).

- A W-9 will be provided by Borrower and Seller.
- This form can be an original or a copy.

E. SBA FMLP Program Authorization Agreement for Preauthorized Payment (ACH Credit).

- An individual ACH Credit will be provided by the Seller.
- This form must be the **original** document.
- Copy of ACH Credit Advice is attached.

Seller can submit the complete document package to the following address:

Coastal Securities
5555 San Felipe, Suite 2200
Houston, TX 77056

Upon receipt and verification of the terms referenced on the aforementioned documentation, Coastal Securities will provide a W-9 and the ACH Credit Form acting in the capacity of Pool Originator and Pool Investor.

Coastal will submit the complete document package to Colson Services Corp. using an overnight delivery service for review by the CSA. Coastal, as the Pool Originator, coordinates the entire process. The original physical document packages must be received by Colson no later than the 14th calendar day of each month.

Simultaneously, the Pool Originator enters all of the required loan data elements into the CSA proprietary system using "FMLP Settlement Express Online Platform". Colson will perform all checks and balances to ensure the terms designated on the documents are consistent with the terms noted in FMLP Online and SBA's exclusive "main-frame" system.

Within two (2) business days of CSA's receipt of all required documents (A-E noted above plus the Coastal additional forms), the CSA will notify the Pool Originator via e-mail indicating which loans are eligible for the pooling process and which loans have exceptions that need to be resolved by the Seller and Pool Originator.

All loans must be clean of any exception before moving forward with the pooling process.

Once all loans are approved by the CSA, the Pool Originator must submit the following to Colson:

- Application (physical paper document) for Pool Section 504 First Mortgage Loan Interests, SBA Form 2403.
- Enter all Pooling information into the Colson "FMLP Pooling Online System".
- Within two (2) business days of CSA's receipt of a clean Pool Application, Colson will provide the SBA with an electronic file to authorize the guarantee on the Pool.
- Within two (2)-three (3) business days of SBA's receipt of the electronic file, the SBA will grant their authorization. The SBA designates a distinct FMLP Pool number. In addition, a traditional CUSIP and Pool Number will be assigned --- a total of 3 separate Pool identifiers.
- Once the Pool is authorized by the SBA and all identifiers allocated, monies can now be exchanged between Pool Originator and Seller(s). All funds must first be wired to the CSA for distribution to Seller(s). The anticipated settlement date should occur within two (2) business days from SBA approval date. Based on the CSA requirements, the Pool must settle no later than five (5) business days prior to the month end (i.e., a January 2011 Pool must settle no later than January, 24, 2011 --- 5 business days back from 1/31/2011).

SBA 504 FMLP Good Delivery Process

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- Purchaser's Confirmation of Sale is provided to CSA two (2) business days prior to the settlement date. This document (submitted in an electronic format) will provide the CSA with all instructions for CSA to receive funds to issue the pool, create/issue the physical Pool Certificate(s), and provide the CSA with the physical delivery instructions for the Pool Certificate(s). At the same time, Colson is instructed to wire funds to the respective loan Seller(s). Seller(s) will be paid the principal (balance of each loan times the price) plus accrued interest from the 1st day of the month up to but not including the settlement date. Payment will occur via a Fed Funds wire to each Seller; therefore, you must provide Coastal with instructions at least 48 hours prior to funding date.

Coastal Securities will contact the Seller prior to the settlement date to verify all of terms of the funding. We will provide a "Confirmation of Settlement" that will display the designated settlement date and the figures that will be wired on the settlement date.

Should you have any questions regarding the aforementioned information, please contact your Sales Representative or a Settlement Cashier at 1-800-489-3232.

Very Important Last Note: Seller must complete the attached FMLP Enrollment Form and submit to Colson Services Corp. to register for the CSA FMLP Web Services. A Seller Receipt is issued for each 504 loan that is placed into a 504 FMLP Pool. Registration allows each Seller to access the Seller Receipts and the monthly Seller payment statements online.

Updated/Reviewed: 1/25/2011