U.S. SMALL BUSINESS ADMINISTRATION
COVID EIDL SERVICING CENTER

CESC SUBSTITUTION OF COLLATERAL REQUEST REQUIREMENTS

ATTENTION:
This requirements letter is not a commitment by the SBA. Any commitment made by the SBA will be provided separately in writing. Approval of any request may be conditioned on curing defaults, correcting any collateral deficiencies or issues with loan documents and/or payment of material monetary consideration.

Generally, the SBA will only consider a ***Substitution of Collateral*** in those instances where the SBA's equity position remains the same or is improved and the net proceeds from the sale of any current collateral are applied to the purchase of the proposed substitute collateral or applied as a principal reduction payment to the EIDL.

All Borrowers and/or Guarantors are required to provide the following for all applicable sections. Additional documentation may be required for thorough analysis.

For the U.S. Small Business Administration (SBA) to consider a *Substitution of Collateral* request, Full or Partial Release, the below documentation must be provided.

GENERAL REQUIREMENTS:

1. A detailed letter from the borrower(s) or guarantor(s) (if any) detailing the request.
2. Completed, signed and dated Consent to Verify Information and 3rd Party Authorization (Borrower Authorization) for all SBA borrower(s) and/or guarantor(s) (if any). (hyperlink to fillable PDF)
3. Copy of the Agreement (Purchase Agreement, Sale Agreement, Bill of Sale, etc.), if applicable.
4. Copies of previous two years Federal Tax Returns for the business.
5. Most recent YTD Profit and Loss Statement of the business.
6. Amended Organizational Documents of the business, if applicable.
7. Proof of Hazard Insurance as required by the SBA Loan Authorization and Agreement.
8. Current Appraisals for collateral offered for substitution and collateral to be released.
9. Current Title Report for the collateral offered for substitution and collateral to be released.
10. Payoff letters for all prior liens on collateral offered for substitution and collateral to be released.
11. If ***substituted*** property is not within a Special Flood Hazard Area (SFHA), provide written verification (i.e., appraisal, insurance company provided confirmation, and map).
12. If ***substituted*** property is within a Special Flood Hazard Area, you are required to provide Flood Insurance naming SBA as Mortgagee, with coverage amount equal to the lesser of the amount of this Loan, the maximum coverage available, or the fair market value of the property.
    - Mortgagee Clause:
      U.S. Small Business Administration
      14925 Kingsport Rd
      Fort Worth, TX 76155-2243
13. Settlement Statement indicating purchase price, fees, new lender info, etc. on property offered as substitution, if applicable.
14. Settlement Statement indicating sale price, fees and intended disbursement of sale proceeds on collateral to be released, if applicable.

*Please submit the above required information to the US Small Business Administration at the **Covid EIDL Servicing Center** as shown below. Complete information packages may be emailed may be emailed to Covideidlservicing@SBA.gov .*

Covid EIDL Servicing Center
E-mail: Covideidlservicing@SBA.gov
Box.com: Box.com - Upload files to Covid EIDL Servicing Center
Toll Free Phone: (833) 853-5638
Fax: (202) 481-5799