



Appraisal Requirements and Regulations

Project Property	<ul style="list-style-type: none"> • If \$250,000 or less, then an appraisal is not needed
Appraiser	<ul style="list-style-type: none"> • Must be independent and no conflict of interest • Must be State-licensed or State-Certified • If project is special purpose then the appraiser must be experienced in that particular industry
Appraisal Report	<ul style="list-style-type: none"> • Must be prepared in compliance with USPAP • A self-contained appraisal report; or • A summary appraisal report • Must be addressed to the Lender and the U.S. Small Business Administration • Must be approved by SBA prior to loan closing
New Construction or Expansion Projects	<ul style="list-style-type: none"> • The appraisal must estimate the market value at the completion of construction • Letter from Appraiser at completion confirming that all was built with only minor deviations
Existing Building	<ul style="list-style-type: none"> • Market Value must be estimated on an as-is basis • If estimated on any other basis then the narrative of the report must include an explanation as to why the as-is basis was not used
Engagement Letter	<ul style="list-style-type: none"> • If asked for a going concern value then the appraiser separate the values including land, building, equipment and business
Value at 90% or More	<ul style="list-style-type: none"> • Growth Capital may close the loan
Value less than 90%	<ul style="list-style-type: none"> • Additional collateral can be provided; or • The borrower can contribute more equity; or • Additional Guarantors can be added; or • The project costs can be decreased; or • The borrower must show strong, sufficient cash flow to support the debt.