

The SBA 504 Refinance Loan program is an opportunity for small businesses owners to refinance their existing commercial real estate loan, which functions under the same terms as a typical SBA 504 loan program.

### GENERAL GUIDELINES

- Can refinance owner-occupied commercial real estate or long-term equipment
- An appraisal dated within 12 months will be required
- Existing SBA 504 or 7(a) loans may be eligible to refinance under certain circumstances
- Original note must be used for the benefit of the small business
- 85% of the loan proceeds must have been used for eligible 504 costs
- The interest rate for Standalone Refi is slightly higher than Refi with Expansion

### BENEFITS

- Boost your bank's loan production
- Minimize risk by limiting your bank's exposure to 50% of total 504 loan
- Generate new fee income coupled with a quality portfolio loan
- Free up your client's trapped capital
- Combined LTV (1st & 2nd) up to 90%
- Up to 25-year, below-market, fixed interest rate for the 504 loan

### STANDALONE REFI REQUIREMENTS

- Business must be at 51% occupancy at the time of application submission
- Maximum refinance LTV:
  - 90% of the value of collateral pledged for existing mortgage or secured debt(s)
  - 85% of the value of collateral pledged when mortgage refinance request also includes "Eligible Business Expenses"
- Cash out is allowed and can be used for Eligible Business Expenses incurred within 18 months and cannot be more than 20% of the total project with a loan to value of 85% (renovations and equipment cannot be funded with the cash out, but repairs may be eligible)
- Loan(s) to be refinanced must be at least six months old
- Business must be operating for two full years or more

### REFI WITH EXPANSION REQUIREMENTS

- Allows for existing debt to be refinanced when substantial expansion is part of the project
- A minimum of a 1:1 ratio of new, expansion costs is required (For example, a \$500,000 existing loan could be refinanced if there are \$500,000 or more of new, expansion costs)
- Expansion can include on-site renovations, construction, or equipment purchase and/or a purchase of a second property for the small business

