

# SBA 504 DEBT REFINANCING REVISED!

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## All New: More Small Businesses Qualify & Working Capital is Available

Refinance up to 90% of the current appraised value: Instead of limiting the refinancing to the amount of existing debt, the SBA loan can finance up to 90% of appraised value.

- ◆ **Working capital** – difference between the existing debt and 90% of the appraised value may now be used for working capital to finance business expenses such as salaries, rent, utilities and inventory.
- ◆ **Third party lender amount** is no longer required to be at least 50% of the appraised value. Now, as in the regular 504 program, the first mortgage loan must be at least as much as the 504 loan.
- ◆ **Payment history** - borrowers are now deemed current as long as no payment was more than 30 days past due under either the original payment terms, or under modified payment terms (including deferments), during the 12-month period prior to the date of 504 Loan application.
- ◆ **Appraisals** - no longer required at application. An estimate of the property value will be sufficient for loan submission to SBA, with an independent appraisal needed prior to closing.
- ◆ **Multiple loans may be refinanced.** Qualified debt may consist of a combination of loans that each meet the program requirements.

### Eligibility Factors:

- ◆ **“Qualified Debt”** – EITHER the original debt OR the current debt (regardless of how many times the real estate has been refinanced): 85% or more must have been used to purchase the real estate, balance incurred for the benefit of the small business.
  - **Government guaranteed loans are not eligible.** This includes existing SBA 504 loans and first mortgage loans on existing 504 projects.
- ◆ Borrowers must occupy at least 51% of the subject property.
- ◆ Borrowers must have been in business for at least 2 years.
- ◆ No business expansion is required as is the case with typical SBA 504 loans.

Loans are structured similar to SBA’s traditional 504 loan program – borrowers work with third-party lending institutions and SBA-approved Certified Development Companies (CDCs) like TMC. A typical structure is 50%-Bank / 40%-CDC / 10%-Borrower (can be from existing equity).

**Act Now!** Refinancing via the SBA 504 loan program will only be available for a limited time. TMC is offering free prequalification for potential borrowers. Contact us at **888.989.8855** or visit [www.tmcfinancing.com](http://www.tmcfinancing.com).