

CCDC

Small Business Financing Solutions

THE SBA REFINANCE PROGRAM FACT SHEET

- CCDC is now able to participate in a project that includes Refinancing only of Commercial Real Estate and/or Equipment Debt that is at least 2-years old and current within the last 12 months.
- In addition to paying off existing debt, if there is adequate collateral value in the project real estate, equipment and other fixed assets, the refinancing can also include funds for Business Operating Expenses. These expenses must be spent within 18 months following the SBA 504 loan funding.
For any projects that include the financing of "Business Operating Expenses" – The SBA is requiring a maximum 75% loan to value of the Refinancing Project (instead of 90%) and the dollar amount of the Business Operating Expenses portion of the project may not exceed 25% of the total defined 504 project amount.
- A loan that was originally funded or guaranteed with Federal funds is not eligible. SBA 7a, 504 and USDA debt CANNOT be refinanced.
- The business must have been in business for at least two years, with no change in ownership during that time.
- Projects can range from \$100,000 to over \$10 million. The maximum 504 loan is \$5 million less any other outstanding SBA 504/7a debt.
- The total project will be funded jointly by a Third Party Lender and a SBA 504 loan. Additional documentation will be required if the Third Party Lender wants to refinance its own debt.
- Equity can be contributed from existing real estate. A cash injection and/or additional collateral may be required if the appraised value does not meet the 90% loan to value maximum.
- The SBA Guarantee fee (built into the SBA interest rate) will be approximately 44 basis points higher than current 504 program fees. Based upon the May 2016 20-year 504 funding rate of 4.32%, the refi rate would be 4.76%
- Job creation and occupancy requirements will be the same as the existing 504 Program requirements.
- Applications can be submitted to SBA starting June 25, 2016.

Contact CCDC to discuss eligibility and structure for your potential projects.

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