

UPDATED SBA 504 REFINANCE PROGRAM AT-A-GLANCE



- ❖ Amount refinanced can be 90% of fair market value of available collateral. Third Party Lender and CDC can split this amount. TPL is no longer required to be 50% of project, as long as this amount is greater than the CDC portion of the loan.
- ❖ Current debt and lien instruments must be provided at application; however, the entire genealogy is no longer required.
- ❖ "Current on all payments" means all payments on the debt have been made within 30 days of the due date under the original note or modification. Modifications must have been made, in writing, prior to October 12, 2011.
- ❖ Small business concern must occupy 51% of the rentable space at the time of application; it is irrelevant whether or not they met occupancy requirements when the project property was acquired, constructed, or renovated.
- ❖ Eligible business expenses may be included in the refinance project as long as there is sufficient equity. This includes working capital, building maintenance expenses, etc. Contact your CDC Loan Officer with specific questions on the items eligible under this new program! The application must include the following items pertaining to eligible business expenses:
 - A. A specific description of the business expense
 - B. Itemization of the amount of each expense
 - C. Certification as to the accuracy of the information
 - D. If the application is approved, the borrower must be able to substantiate the expenses in the following manner:
 1. Bank Statements
 2. Invoices marked "Paid"
 3. Cleared Checks
 4. Other documentation to demonstrate a business obligation was satisfied with the funds provided
- ❖ Same Institution Debt may be refinanced through either interim financing or an escrow account as the choice of the CDC, Borrower and Third Party Lender

Contact your Utah CDC Loan Officer TODAY for more details.
Ogden Office: (801) 627-1333 ❖ Salt Lake Office (801)746-6211

Clarification on Business Expenses and Debt Being at Least 2 Years Old

- ❖ Expenses for 'upkeep and maintenance' of the Project Property OR to purchase equipment are eligible business expenses. These would be usual working capital uses.
 - Upkeep and maintenance: NOT changing the footprint of the building; but may include a new roof, repaving a parking lot, interior improvements such as flooring, redecorating, etc.
- ❖ Provided original debt was incurred more than 2 years prior to the date of the 504 Loan application, it is eligible for refinancing; even if the debt was refinanced within the past 2 years by either the same or a different institution.
- ❖ What are NOT eligible business expenses: purchasing a new property; purchasing a new business; buying out a co-owner.

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