



SBA 504 Commercial Debt Refinancing Program

Under the Small Business Jobs Act of 2010, the Small Business Administration (SBA) has implemented a temporary program allowing small businesses to refinance eligible fixed assets utilizing the 504 loan program without the requirement of an expansion, as is the case with standard 504 loans.

Following is an overview of the 504 refinancing program guidelines. This list is not intended to be the final word on whether a potential recipient will qualify or not, but rather a quick and easy reference sheet. Please contact an FFCFC Loan Officer for specific details.

Overview

- This is a temporary program authorized until Sept. 27, 2012.
- Borrowers can finance up to 90% of the current appraised property value, or 100% of the outstanding principal, whichever is lower, plus 504 eligible refinancing costs.
- Use excess equity to obtain working capital that can be used for financing of eligible business expenses (salaries, rent, utilities, inventory, etc.).
- 504 loan proceeds are to be used to refinance qualified debt with no money going toward expansion.

Qualification Criteria

- At least 85% of the existing loan was used to acquire, construct or improve fixed assets.
- The small business concern must have been in business for two years prior to submission of the refinance application.
- Debt must have been incurred not less than two years prior to the date the refinance application is received by the SBA.
- Loans being refinanced must have been current for the past year with no payment being deferred or past due for more than 30 days. If the loan is "own lender debt," a full transcript history of the loan must be provided to evaluate risk.

- An independent appraisal of the fair market value of the project assets and any additional assets offered as additional collateral must be provided.

Loan Structure

- Total of first and second mortgages on refinance will be 90% and structured as follows: third party lender 50%; FFCFC/SBA 40%; and borrower 10% equity injection.
- In addition to a cash contribution, the borrower's 10% contribution may be satisfied by its equity in the eligible fixed asset (the 504 project) serving as collateral for the refinancing project or by the equity in any other fixed assets that are acceptable to the SBA as collateral.
- Limited or special purpose buildings can be refinanced with a 50/40/10 loan structure rather than 50/35/15 structure.
- Refi loans must fund within six months of approval.

Restrictions

- No refinancing of loans with an existing federal guaranty, including 7 (a) loans, or already part of an existing 504 project.
- If one of the 504 community development or public policy goals are not met then there is limit on the size for the 504 loan: one job per \$65,000 of the FFCFC/SBA portion.

(NEW) Increased 504 Loan Amounts

FFCFC can lend up to 40% of the project cost with the following dollar caps:

- \$5 million for standard and public policy projects.
- \$5.5 million for manufacturing and green initiative projects.

(Note: SBA loan portions only; no limit on overall project size; permanent program change.)

(NEW) Increased Size Standard

Businesses with a maximum tangible net worth of not more than \$15 million and average net income after Federal income taxes (excluding carry-over losses) for the two full fiscal years prior to application of not more than \$5 million are now eligible for 504 financing.



Start your relationship with Florida First Capital. Contact a Loan Officer today.



Florida First Capital Finance Corporation

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