

SBA 504 Debt Refinance Checklist

STEP 1: BASIC ELIGIBILITY **changes effective 11/15/24*

- Original debt incurred 6 months ago
- ~~75-85%~~ **75%** of original use of proceeds for commercial real estate, may also include equipment & other long-term fixed assets
- 100% incurred for the benefit of the business
- NO change of ownership in business for past 2 years, limited change of ownership may be considered if no change of management
- Review of payments for past 12 months to determine credit worthiness
- Modifications in past 6 months to be reviewed on case by case basis
- Federally guaranteed debt may be available for refinancing under specific conditions
- Business occupies 51%+ of commercial real estate

STEP 2: DRAFT FINANCING STRUCTURE

PROPOSED USE OF FUNDS:		\$	%	Appraised/Est. Value
Qualified Debt -CRE Mortgage Balance				
Other Qualified Debt (FF&E)				
Other Secured Debt				
Business Operating Expenses (BOE)				Max 20% <i>*Effective 11.15.2024 - no cap</i>
Professional Fees (Appraisal, Enviro, Title)	\$	-		
TOTALS	\$	-		\$
			LTV*	Max LTV w/ BOE = 85% Max LTV = 90%
SOURCES OF FUNDS:		\$	%	
Borrower equity in land/bldg + other assets**	\$	-		= Total Appraised Value - Total Use of Funds
SBA 504 Loan***	\$	-		
Primary Lender Loan	\$	-		
TOTAL	\$	-		
Notes:				
* Max LTV 90% for straight refinance; 85% with cash out for Business Operating Expenses <i>Max LTV 90%</i>				
** Borrower Equity: min. 10%; 15% for special purpose property				
*** SBA 504: Max 40%, Must be <= Primary Lender Loan				

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STEP 3: PRELIMINARY DOCUMENTATION

- Original debt(s) & lien/security instruments
- Any & all modifications or refinances since original note
- Current debt & lien/security instruments
- Original cost documents – purchase agreements, settlement statements, invoices, etc.
- 12-month payment transcript
- Current payoff amount(s)
- Appraisal/valuation – appraisal may be submitted after approval
- May include CASH OUT for “Business Operating Expenses” including salaries, rent, utilities, inventory or other business obligations that are incurred but not paid or that will be due within 18 months of application (~~limited to 25% of appraised value & 85% LTV~~) (no cap but subject to 90% LTV)
- Two most recent years of Business and Personal Tax Returns (principals owning 20% or more)
- Interim Financial Statements within 90 days of application, including Balance sheet, income statement, A/R & A/P aging reports and debt schedule

This is a very basic overview of how to work through a straight refinance using the SBA 504 loan. There are many variables at all steps above – call your Dakota Business Lending loan officer to discuss the details!

STEP 4: CONTACT US

Contact a loan officer in your area to discuss your project and what the rest of the application process will look like.



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Let's continue
to help small
businesses gain
access to the best
financing solutions
available!

*updated October 8th, 2024