

# 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)	\$ -		
<b>TOTALS</b>	<b>\$ -</b>		<b>\$ -</b>
		<b>LTV*</b>	<b>Max LTV w/ BOE = 85% Max LTV = 90%</b>
SOURCES OF FUNDS:			
	\$	%	
Borrower equity in land/bldg + other assets**	\$ -		= Total Appraised Value - Total Use of Funds
SBA 504 Loan***	\$ -		
Primary Lender Loan	\$ -		
<b>TOTAL</b>	<b>\$ -</b>		
<b>Notes:</b>			
* 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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to help small  
businesses gain  
access to the best  
financing solutions  
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*\*updated October 8th, 2024*