



## 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)			
<b>Other Secured Debt</b>			
Business Operating Expenses (BOE)			Max 20% *Effective 11.15.2024 - no cap
Professional Fees (Appraisal, Enviro, Title)	\$	-	
<b>TOTALS</b>	<b>\$</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>-</b>	
<b>Notes:</b>			
* <b>Max LTV 90% for straight refinance; 85% with cash out for Business Operating Expenses Max LTV 90%</b>			
** Borrower Equity: min. 10%; 15% for special purpose property			
*** SBA 504: Max 40%, Must be <= Primary Lender Loan			

# SBA 504 Debt Refinance Checklist

## 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