



WBD / SBA 504 Debt Refinance Eligibility Checklist

(Answers to ALL of the questions listed below must be “Yes” in order to proceed)

Effective November 13, 2023

Step 1: Qualifying the Borrower

YES	NO	
		Borrower has been in operation for at least two years at the time of the application
		If real estate refinance, borrower occupies 51% or more of project property at time of application

Step 2: Review the Use of Proceeds (Must Include Qualified Debt)

YES	NO	
QUALIFIED DEBT - Each 504 Refi Project must have at least one Qualified Debt		
		Loan(s) was incurred at least six months prior to date application will be submitted to SBA and the last advance on the note was made at least six months ago
		NEW Rule - At least 75% of original use of proceeds being refinanced was used to acquire a 504 eligible asset which will secure the proposed 504 refinance project
		There has been no change in terms in the qualified debt for the past 6 months (or the term of the loan - whichever is shorter), other than renewals under the same terms
		Existing lender is not in a position to sustain a loss on the loan to be refinanced
		Transcript of payment history for 12 months (or the term of the loan - whichever is shorter) is available
		Copy of note being refinanced- including any modification agreements - and corresponding collateral documents can be provided
FOR AN EXISTING 7(a) LOAN:		
		NEW Rule - WBD must notify the existing 7(a) lender, however, written verification from the existing lender that they are unwilling or unable to modify the terms is NO LONGER REQUIRED
		In the case of same institution debt , the loan will be eligible for 504 refinancing only if the lender is unable to modify the terms of the existing loan because a secondary market investor will not agree to modified terms
		Minimum 10% savings on the new installment amount attributable to the debt being refinanced (substantial benefit)
		Must include prepayment penalties, financing fees, and other financing costs in the amount to be refinanced when calculating 10% savings
REFINANCING FEDERAL DEBT FOR AGENCIES OTHER THAN SBA:		
		If the loan being refinanced is guaranteed by a Federal agency other than SBA, the CDC must document in writing that the refinancing of the Federally-guaranteed loan is permissible under the other Federal agency’s requirements or is otherwise approved by the other Federal agency
		Minimum 10% savings on the new installment amount attributable to the debt being refinanced
		Must include prepayment penalties, financing fees, and other financing costs in the amount to be refinanced when calculating 10% savings

Step 3: Appraisal, Structuring and Other Considerations

- **PROJECTS REQUESTING NO “CASH OUT” FOR ELIGIBLE BUSINESS EXPENSES:** Third Party Lender Loan and SBA 504 loan amounts combined do not exceed 90% of the appraised value of the fixed assets securing the loan.
- **PROJECTS REQUESTING “CASH OUT” FOR ELIGIBLE BUSINESS EXPENSES:** Third Party Lender Loan and SBA 504 loan amounts combined maximum of 85% of the appraised value of the fixed assets securing the loan **AND the “CASH OUT” portion does not exceed 20%** of the appraised value of the fixed assets securing the loan.
- Third Party Lender Loan amount is at least the same or greater than the SBA Loan amount
- SBA 504 Loan amount can be up to 40% LTV regardless of Property type
- Lien positions on Eligible Fixed Assets securing loan must be a first for Lender and second for SBA (Other assets offered as collateral may have existing priority liens)
- Appraisal must be dated within 12 months of application and include WBD and SBA as intended users
- Environmental study on project is available and dated within 12 months of date of application



Contact Your Local
WBD 504 Expert Today!



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