**Supplemental Q&A with NADCO**

**August 11, 2021**

-When requesting to refinance an existing SBA guarantee loan how is exposure handled? Do both the new loan and existing loan count towards 7a & 504 caps at any point in time?

NADCO is working with SBA and Guidehouse right not on this issue.  We believe that both count, so conceivably a new 504 loan might kick out of ETRAN if the max SBA exposure is exceeded at approval/authorization.  We hope that SBA has some flex in their system since 7a lenders can experience this now.  Stay tuned.....

-Confirming: For refinance of qualified debt made 6-24 months ago, how is market value of the property determined?  Is it cost or can appraisal be used for refi program?

Correct – I mentioned in our webinar that cost would still apply if less than 2 years, but SLPC overrode that in the FAQ #40 and Linda Reilly now says that current appraisal in all cases will be required.

-504 Refinance without expansion, with EBE, Special Use Property (assume no other existing Special Use 504 Debenture)

Max LTV is 85%, MAX EBE is 20% but can 504 debenture be up to 40%- or is it capped at 35%?

504 can never exceed the lesser of the TPL amount or 40%.  So in these cases, 45/40/15 will work.  In refi without expansion, bank is not required to be at 50%, and under current guidelines (during declared recession), special use does not require extra 5% down.

-Will SBA require remaining useful life documentation for equipment refinance projects? Just want to be sure we are properly instructing equipment appraisers

Yes, you will need a used equipment appraisal and it will need to affirmative state remaining useful life.

-When refinancing a 7a with a new 7a, there was formerly a rule that you could not reduce your exposure. This would only apply for same lender refi, but wondering if that comes into play here too as a 504 refi with the same lender will definitely reduce their exposure.

I have not heard SBA state this concern / requirement.