**504 DEBT REFINANCE PROGRAM**

504 Debt refi Program’s purposes are to refinance fixed asset debt and then it can also fund “Business Operating Expenditures”. The general SBA requirements and limitations are:

1. Qualified Fixed Asset Debt is always required. If Qualified Debt is refinanced, then a limited amount of Business Operating Expenditures can also be financed. General requirements are:
   1. Qualified Debt:
      1. 75% of the original loan proceeds were used to purchase land, building, and/or long-term equipment (no licensed vehicles) used by the small business.
      2. Business’ ownership/management has existed/not changed for last 24 months.
      3. Loan at least 6 months old with no modifications. Term modifications acceptable.
      4. Federally assisted loan requirements: the portion of the new installment amount attributable to the debt being refinanced must be less than the existing installment amount(s). 504 Project Debt – both bank & 504 must be refinanced & current.
      5. Bank and net 504 loans cannot exceed 90% of the collateral value (additional collateral may be added to meet percentages).
   2. “Business Operating Expenditures” (business must retain documentation):
      1. Any payments in the next 18 months for operating expenses along with credit lines, balloon payments, accounts payable, etc.
      2. Other Secured Debt with the same collateral securing the “Qualified Debt”, current for 12 months, and at least 6 months old.
      3. Bank and Net 504 loans cannot exceed 90% of the appraised value.
2. The 504 loan is limited to 40% of the fixed asset’s appraised value and cannot exceed the bank’s loan.
3. SBA’s general eligibility requirements: for-profit business, small business size limitations, no previous federal government loan losses, franchise requirements, etc.