



SBA 504 Refinance Program FAQs

Who Can Qualify?

- Most for-profit, small businesses in the U.S.
- Businesses with at least two years of operations
- Net worth less than \$15.0 million
- Net profit after tax (2 year average) of no more than \$5.0 million (including affiliates)
- Business must occupy at least 51% of its property at the time of application

Eligible Use of Funds

- Businesses may use extra equity for the financing of 504-eligible business expenses up to 20% appraised value.
- Examples of eligible business expenses include utility bills, rent, salaries, inventory, pay off/down business line of credit, renovations, and new equipment purchases.

Interest Rates and Terms

- Fixed-Rate - based on Treasury Rates
- Real Estate - may be 10, 20, or 25-year term
- Machinery & Equipment - may be 10, 20, or 25-year term (based on useful life)

Maximum Gross Debenture (SBA Portion)

- The combined third-party loan and the 504 net debenture may not exceed (1) 90% of the appraised value of the 504-eligible fixed assets or (2) 85% of the appraised value if equity is withdrawn, unless other business assets are included.

Benefits for Borrowers

- Financing available up to 90% of the appraised value of the property being refinanced at a long-term, fixed-rate
- Equity contribution can be as little as 10% of the property's value.
- Businesses may use an SBA 504 refinance loan to repay an existing government guaranteed loan.