



Innovative financing solutions to expand your Business horizons

2016 - SBA 504 Refinance “Owner Occupied” Program Is Back!

Key Components

It will take 4-6 months for the SBA to provide all of the rules of the new version of this program. The rules may look similar to the following:

- SBA 504 Refinancing is now available to all SBA-eligible businesses.
- Both the business and the commercial mortgage debt to be refinanced must be at least 2 years old.
- 85% of the ORIGINAL debt must have been used to finance eligible 504 assets.
- The loan to be refinanced must be current.
- Business owners must have a minimum of 10% equity.
- Existing “government backed” loans (i.e 504, SBA 7a or USDA) cannot be refinanced using the new program, but it may be possible to get an additional 504 loan for an expansion.
- Single purpose or special use buildings (hotels, mini storage, etc) are eligible up to 90% LTV.
- An appraisal (dated within 6 months) is required.
- Low loan to value loans are NOW eligible since the current debt will be refinanced “50/50” by the lender and SBA.
- 504 refinance rates for the 2nd mortgage will be about 25 to 30 basis points higher than “regular” 504 rates..

Contact us for Consultation!

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