



Somercor News Flash

NEWS FLASH - KEY PROVISIONS OF SBA 504 DEBT REFI HAVE BEEN ANNOUNCED

Somercor will be hosting refi rollouts in a city near you but here are the key provisions:

- 1. Debt must be coming due by 12/31/12 or sooner;**
 - Debt coming due after that date must wait for Phase 2 of this refinance program
 - Cash out provision still pending public comment
- 2. Once SBA loan is approved it MUST fund within 6 months or be cancelled**
- 3. Ongoing guarantee fee of 1.043% on the total unpaid balance of the 504 loan (25 basis points higher than current fee for purchases)**
- 4. 85% or more of the loan being refinanced must have been used for 504 eligible purposes**
 - All of the proceeds must have been used for the benefit of the small business concern
- 5. Loan being refinanced must be current for past year (defined as no payments deferred or past due for more than 30 days)**
- 6. Debt must be at least 2 years old**
- 7. SBA 504 loan size may not exceed the following formula:**
 - Number of full-time-equivalent employees x \$65,000
- 8. Third Party Lender loan and 504 loan combined cannot be more than 90% of fair market value of fixed assets being levered; Third Party Lender MUST be at 50% or greater**
- 9. Borrower's 10% contribution may be satisfied by its equity in the eligible fixed asset serving as collateral OR by the equity in any other fixed assets that are acceptable to SBA as collateral**
- 10. No refinances of 7a, USDA or 504 loans (even the 1st mortgage associated with a 504 project)**

If you have any questions, please do not hesitate to contact us.

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