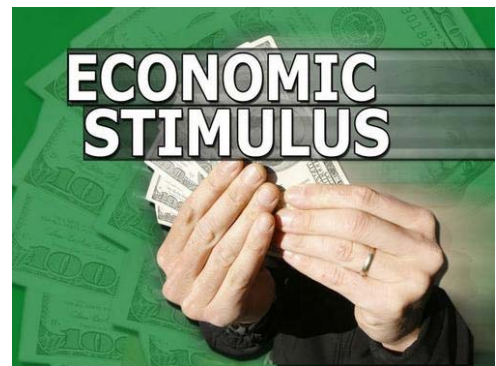


American Recovery and Reinvestment Act: SBA 504 Loan Program Debt Refinancing

The Small Business Administration (SBA) has announced that **as of June 23, 2009, limited debt refinancing will be permitted through the SBA 504 small business loan program** as part of the American Recovery and Reinvestment Act (ARRA). This will be a permanent change to the SBA 504 program, which provides growing businesses with up to 20 years of fixed-rate financing for major fixed assets, such as land and buildings. Historically, debt refinancing was deemed “ineligible” under the SBA 504 program guidelines. The new regulations will allow small businesses to refinance existing, qualified debt as long as it is part of a larger business expansion and meets other additional criteria.



Debt refinance through the SBA 504 program must meet the following conditions:

- The new loan must involve a business expansion where the refinance may not exceed 50% of the project costs.
- The loan must be collateralized by fixed assets
- The existing debt must have been incurred for the benefit of the small business
- The proceeds must have been used to acquire land, to construct or expand a building or to purchase equipment
- The borrower must be current on all payments of existing debt for one year
- The new financing will provide better terms or interest rate
- The new financing will be used only for refinancing existing debt or for costs related to the project being financed

The ability to utilize the SBA 504 program to refinance existing debt will enable small business owners to expand their businesses and create jobs while freeing up necessary capital. Refinancing through the SBA 504 program will also allow companies to benefit from the **long-term fixed interest rates and low down payments** associated with the program.

To speak with an SBA 504 specialist on how debt refinancing can benefit your business, please contact Carolyn Engel of Business Lending Partners at 262-898-7420 or cengel@businesslendingpartners.org.