



Somercor 504, Inc. – 504 Debt Refinance



504 DEBT REFI EXAMPLES



Somercor 504, Inc. – 504 Debt Refinance

Request:

- Refinance \$800K existing acquisition first mortgage borrowed 5 years ago. Property is appraised at \$1,000,000.

Comments:

- All \$800K of debt is eligible for Permanent Debt Refinance Project. Due to the equity position (20% of appraised value), the debt can be split equally between the bank and 504 loan.

Acceptable Structure:

Appraised value of Property	\$1,000,000	Third Party Loan	\$400,000
Qualified Debt	\$800,000	SBA 504 Loan	\$400,000
Total Project Debt	\$800,000	Borrower Equity Contribution	\$200,000



Somercor 504, Inc. – 504 Debt Refinance

Request:

- Refinance \$650K existing Qualified Debt plus \$250K for Business Operating Expenses. Property is appraised at \$1,000,000.

Comments:

- The \$650K Qualified Debt can be included but only \$200K of the requested \$250K in Business Operating Expenses can be included due to the 85% maximum LTV for transactions involving Business Operating Expenses.

Acceptable Structure:

Refinancing Project (Appraisal)	\$1,000,000
Qualified Debt	\$650,000
Business Operating Expenses	\$200,000
Total Project Financing	\$850,000

Third Party Loan	\$450,000
SBA 504 Loan	\$400,000
Borrower Equity Contribution	\$150,000



Somercor 504, Inc. – 504 Debt Refinance

Request:

- Refinance \$150,000 Qualified Debt plus \$750,000 revolving line of credit that is secured by a junior mortgage on the project property – LOC and junior lien are over 2 years old.

Comments:

- **The Qualified Debt is eligible plus the LOC meets the SBA's definition of Other Secured Debt due to the junior mortgage on the property.**

Acceptable Structure:

Refinancing Project (Appraisal)	\$1,000,000
Qualified Debt	\$150,000
Other Secured Debt	\$750,000
Total Project Financing	\$900,000

Third Party Loan	\$500,000
SBA 504 Loan	\$400,000
Borrower Equity Contribution	\$100,000



Somercor 504, Inc. – 504 Debt Refinance

Request:

- Refinance \$500K existing Qualified Debt plus \$400K for other unsecured loan obligations (prior Business Operating Expenses). Property is appraised at \$1,000,000.

Comments:

- The \$500K Qualified Debt can be included but only \$250K of the requested \$400K in Business Operating Expenses can be included. Business Operating Expenses are limited to 25% of the Refinanced Project amount. In this example \$250K. Total LTV remains below the 85% maximum for transactions involving Business Operating Expenses.

Acceptable Structure:

Refinancing Project (Appraisal)	\$1,000,000	Third Party Loan	\$375,000
Qualified Debt	\$500,000	SBA 504 Loan	\$375,000
Business Operating Expenses	\$250,000	Borrower Equity Contribution	\$250,000
Total Project Financing	\$750,000		