MBFC

Expansion + Refinance Checklist

Definition of Expansion – any project that involves the acquisition, construction or improvement of land, building, or equipment for use by the small business.

______Amount eligible for refinancing must be no more than 100% of the cost of expansion.

______Debt was used to finance SBA-eligible assets (as described above), and is collateralized by fixed assets.

______Debt was incurred for the benefit of the small business.

______Existing 7(a) and 504 loans are eligible to be refinanced. For 7(a) loans, lender must provide documentation that they are unwilling or unable to modify. In the case of 7(a) Same Institution Debt, only eligible if sold on secondary market. If including a 504 in the refinance, the entire TPL loan and SBA 504 loan must be included in the project.

______The refinancing will provide substantial benefit to the borrower. The new loan amount will be at least 10% less than the new payment. The presence of any balloon payment automatically meets the substantial benefit test.

______The borrower has been current on all payments for not less than 1 year preceding the date of the refinancing. Provide copy of payment transcript from the bank with no 30+ day late payments.

______504 proceeds are not used to refinance debt owed to an associate of the loan applicant, an SBIC, any creditor in a position to sustain a loss causing a shift to SBA of all or part of a potential loss from the existing debt.

______Provide copies of note, recorded mortgage, security agreement, UCC financing statements, settlement statements, and any other collateral documentation securing the existing debt. If debt has been refinanced, provide copies of original loan documents.

______Documentation to prove substantially all (85% or more) of the proceeds of the original loan being refinanced must have been used for 504 eligible purposes; real estate purchase/improvement or long term equipment. The remaining amount (15% or less) was incurred for the benefit of the small business.

______Current pay-off statement on loan(s) being refinanced.

______Appraisal within 12 months of application documenting market value of assets securing debt to be refinanced. MBFC and SBA listed as intended users of report.

______ SBA allows Borrower's equity in equipment to be counted towards Borrowers Contribution if the debt was originally used to acquire the specific equipment.

______MBFC will provide SBA form of commitment letter with language specific to permanent debt refinance.