

Changes to SBA 504 Program allows businesses to refinance existing debt and create new jobs.

Small businesses seeking to expand will be able to refinance existing loans used to purchase real estate and other fixed assets as a result of permanent changes to the U.S. SBA 504 CDC loan program. These changes were authorized in the American Recovery and Reinvestment Act of 2009. The permanent changes will allow small businesses to restructure eligible debt to help improve their cash flow which, in turn, will enhance their viability and support in growth and job creation.

Highlights on the Debt Refinancing:

- Limited debt refinancing as an eligible 504 Project Cost is a permanent change to the 504 Loan Program.
- The 504 Project must involve expansion of a small business. (“Expansion” is broadly defined to include any project that involves the acquisition, construction or improvement of land, building or equipment for use by the small business.
- Any amount of existing debt that does not exceed 50% of the cost of expansion may be refinanced.
- The cost of expansion is all other Project Costs, i.e., the new money being borrowed for:
 - Purchase of land or land & building
 - Construction/remodeling
 - Purchase/install equipment or fixtures
 - Professional Fees
 - Other Expenses
- The debt being refinanced is added to the cost of expansion/new monies to establish Total Project Costs.

Debt Refinancing Requirements:

- The existing debt was used for 504-eligible assets: to acquire land, including a building, to construct a building or to purchase equipment.
- The existing debt was incurred for the benefit of the small business.
- The existing debt is collateralized by fixed assets.
- The refinancing will provide a substantial benefits to Borrower when prepayment penalties, financing fees and other financing costs are accounted for.
- Borrower has been current on all payments on the existing debt for not less that 1 year preceding the date of refinancing.
- The refinancing will provide better terms or rate of interest than the existing debt on the date of refinancing

For more information on the 504 loan program and eligibility requirements or if you have any questions on the American Recovery and Reinvestment Act, contact **Steve** or **Ann** at **800-507-9003**.

504 Rates are still low!

20 Year Note Rate 4.52%
Plus Monthly Fees .725%
(Built into Payment)
(Rates as of 08-10-09)

A New Look!

Watch for Prairieland EDC's newly updated website. It can be found at www.prairielandedc.com

Contact the Prairieland Brew Crew



The Prairieland EDC staff is available to provide 504 training to you and your co-workers, so take a break to see what Prairieland can do to help you. Contact us today to sign up for one of our Brew Crew Meetings.

Follow Prairieland EDC on Twitter

Prairieland EDC will provide live updates on Prairieland EDC, the U.S. Administration, and current news on the 504 and 7(a) loan programs. If you do not have an account, it's free to sign up. You can follow us by just clicking,

<http://twitter.com/PEDCNews>.



1 Prairie Drive
Slayton, Minnesota 56172

Join the 504 Loan Program Group on LinkedIn

LinkedIn's group directory allows you to find communities of professionals who share a common experience, passion, interest, affiliation, or goal. The NEW 504 Loan Program Group will help our lenders stay informed and keep in touch with Prairieland EDC staff you share your same interests. The group name is 504 Loan Program. The link is <http://www.linkedin.com/groups?gid=1870221>. If you have any trouble, contact Steve or Tesa at 800-507-9003.

