

## **One-Time Refinance of TPL Loans in a 504 Project Authorized from December 27, 2020 to December 26, 2021**

During the one-year period listed above, FDDC has the authority to approve the refinancing of the Third Party Loan on an existing 504 project in an amount that, when combined with the outstanding balance on the subordinate 504 loan, is not more than 90 percent of the total loan to value. The lender refinancing the Third Party Loan may be the existing Third Party Lender or a different private lender.

The following conditions must be met:

- The amount of the refinanced TPL loan, along with the outstanding balance on the 504 loan, cannot be more than 90 percent of the total loan to value, as evidenced by an appraisal dated within one year of the request to refinance.
- The Borrower must explain the reason for the subordination and a description of how the new money will be used. The Borrower may use the proceeds of the refinancing to support its business operating expenses, and the proceeds may not be used for personal expenses.
- The Third Party Loan must be seasoned. SBA's definition of "seasoned" means the loan has been in place 18 months, all payments have been made on time, and the loan has not been in deferment or liquidation. This will be evidenced by a copy of the note, mortgage, and payment transcript for the loan being refinanced.
- The Borrower should have a satisfactory credit history, as evidenced by personal credit reports dated within 90 days of the request.
- Borrower must demonstrate the ability to repay all obligations from the operations of the operating concern after the proposed subordination. Business tax returns or financial statements for 2020 and current financial statements within 90 days of the request will be required for this determination.
- The subordination will be limited to the specific amount of the refinanced TPL loan.
- The new Third Party Lender loan must be closed and funded no later than December 26, 2021.
- FDDC and the Third Party Lender will execute and record a new Third Party Lender Agreement.
- The subordination will not otherwise adversely affect the priority of the SBA lien.
- FDDC will prepare and record the Subordination Agreement, Power of Attorney, and Third Party Lender Agreement after these documents have been reviewed by FDDC's Counsel.