

504 Updates

Chesapeake Award:

Chesapeake won a national award for the greatest percentage annual increase in 504 loan approvals among mid-size CDCs for the year ending September 30, 2010.

Refinance Training Session:

Chesapeake is hosting a 504 Refinance Training Session at the Hilton in Pikesville, MD (1726 Reisterstown Road) on June 28, 2011 from 8:30 to 10:00 am. Call or e-mail Tom Turner for details.

Improvements in the SBA 504 Refinance Program:

SBA has made some much-needed improvements in the SBA 504 Refinance Program as summarized below:

- Maturity date for eligible loans: The 12-31-12 date has been waived – all loans are eligible.
- Subordinated loans to finance shortfalls: The shortfall is no longer required to be placed on full standby for at least three years. SBA will consider other alternatives.
- Same lender debt:
 - Escrow closings are permitted
 - Lender may either pay-off or modify existing debt and lien instruments
 - Lender must still certify (Form 2416) that it is not in a position to sustain a loss on the refinancing amount causing a shift to SBA of all or part of a potential loss from the refinanced debt.
- New lender debt: Form 2416 no longer required.

Reminder: New larger loan size and eligibility size standards

The SBA 504 maximum loan size has been increased to \$5 - \$5.5 million, and the eligible size standards have been increased to businesses having a book net worth (including affiliates) of up to \$15 million and net income after taxes under \$5 million. Alternative size standards are manufacturers under 500 employees and wholesalers under 100 employees.

Call or e-mail if questions:

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