



## The FFCFC 504 Loan Program: A Unique Alternative for Small Business Fixed Asset Financing

The FFCFC 504 Loan Program is designed to help small business members expand through the purchase of fixed assets – either real estate or equipment – at below-market, fixed interest rates and long repayment terms. This powerful and unique financing tool offers many advantages over conventional financing as well as excellent benefits for your credit union.

### Loan Structure:

- The credit union typically finances 50% of the project cost and takes a first mortgage position on the assets financed with a minimum term of 10 years for real estate and seven years for equipment.
- FFCFC typically finances 40% of the project cost up to a cap and takes a second mortgage position with a term of 20 years for real estate and 10 years for equipment. The 504 loan rate is fixed with level debt payments.
- The member puts in as little as 10% equity.

### Program Benefits:

- **(NEW)** Members with a maximum tangible net worth of not more than \$15 million and average net income after Federal income taxes (excluding carry-over losses) for the two full fiscal years prior to application of not more than \$5 million are now eligible for 504 financing (temporary until the SBA publishes a permanent regulation).
- **(NEW)** Loan amounts up to \$5 million for standard and public policy projects and \$5.5 million for manufacturing and green initiative projects (SBA amounts only; no limit on overall project dollar size; permanent program change).
- **(NEW)** Debt refinancing to be used for refinancing of qualified existing debt without business expansion (temporary program).

### Benefits for Credit Unions:

- Expands your credit union's business loan portfolio while preserving the portfolio cap.
- Relieves the 80% loan-to-value restriction (the 504 product allows your credit union to offer up to 90% financing and compete with other lending institutions).
- Minimizes collateral risk.
- Puts your credit union in a first lien position with an attractive loan-to-value.
- Allows your credit union to make its own credit decisions with its own loan documentation.
- Pricing is at the credit union's discretion.
- The credit union does not pay intangible tax.
- Enables your credit union to sell the first mortgage on the secondary market for substantial fee income and preserved liquidity.
- Make a deal happen that might not have worked with conventional financing.

(REV 3-1-11)

### 504 Highlights:

- Purchase, construction, expansion or renovation of owner-occupied commercial real estate and/or the acquisition and installation of long-life machinery and equipment
- Up to 90% commercial financing.
- Below-market, true fixed interest rates – no ARMs.
- Amortization terms up to 20 years.
- Fees and other up front costs and expenses may be financed in the loan.
- Projects from \$125,000 and up.

### About FFCFC:

FFCFC is a statewide, nonprofit, federally regulated certified development company which administers the 504 loan program on behalf of the Small Business Administration. FFCFC prepares the loan documents and handles all of the details of the 504 loan, including credit underwriting, approval, closing and servicing of the loan for its life.



*Start your relationship  
with Florida First  
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Loan Officer today.*



**Florida First Capital  
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