



## Highlights and Key Facts of The FFCFC 504 Loan Program

The FFCFC 504 Loan Program is designed to help small business owners acquire fixed assets – commercial real estate and/or long-life machinery and equipment – without the financial hassles and high cash outlay requirements often associated with conventional financing programs.

### Loan Structure

The key to the 504 Loan Program is its distributed credit structure: a commercial bank provides financing for 50% of the project and takes a first lien position; FFCFC provides 40% of the project financing and takes a second lien position; and the small business owner provides a down payment of just 10%.

### Program Highlights:

- Up to 90% commercial financing at below-market, fixed interest rates.
- Low down payment (usually 10%) preserves working capital.
- Long amortization terms (up to 20 years on real estate and 10 years on equipment).
- Projects from \$125,000 and up.

### Use of Proceeds:

- Purchase, construction, expansion or renovation of commercial real estate and/or the acquisition and installation of long-life machinery and equipment.
- Green initiative projects (use of sustainable design; reduced energy consumption; renewable energy or fuels).
- **(NEW)** Debt refinancing may now be used for refinancing of qualified existing debt without business expansion (temporary program).
- Purchase of furniture, fixtures and equipment.
- Associated fees and soft costs (attorneys fees, architectural, engineering, surveys, etc.).

### Florida First Capital's Role

FFCFC is central to each 504 project, typically preparing all paperwork, coordinating the activities of all project participants and structuring each project to balance the interests of both the business and the SBA.

### A Small Business Window to Wall Street

Certified Development Companies like FFCFC fund all 504 loans through the sale of bonds, thus giving the program the economies of scale to access public capital markets. Combined with the Small Business Administration (SBA) guaranty, the 504 Loan Program enables small businesses to access funding at the lowest possible cost.

**(REV 3-1-11)**

### **(NEW)** Increased 504 Loan Amounts

FFCFC can lend up to 40% of the project cost with the following dollar caps:

- \$5 million for standard and public policy projects.
- \$5.5 million for manufacturing and green initiative projects.

*(Note: SBA loan portions only; no limit on overall project size; permanent program change.)*

### **(NEW)** Alternative Size Standard

Businesses 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.

*(Note: Temporary until the SBA publishes a permanent regulation.)*



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