



## Important Changes to the FFCFC 504 Loan Program

A number of very substantial benefits for America's small businesses were incorporated into the Small Business Jobs and Credit Act of 2010 (H.R. 5297), which was signed into law on Sept. 27, 2010. As a result, many more small business owners now qualify to receive Small Business Administration (SBA) 504 loans.

### Maximum Loan Amounts:

- Permanently increases the loan maximum on 504 loans, including public policy loans, to \$5 million; small manufacturer and "green" initiative projects are increased to \$5.5 million (SBA amounts only; no limit on overall project dollar size). This means larger projects are now eligible for 504 loans and borrowers who already have loans with the SBA can now return for additional funding. (*Status: in progress.*)

### Temporary 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. (*Status: the temporary alternative size standard will remain in effect until the SBA publishes a permanent regulation.*)

### Debt Refinancing:

- Establishes a temporary two-year program of business debt refinancing to be used for refinancing of qualified existing debt without business expansion. This means small business owners holding commercial real estate loans with undesirable rates will now have the opportunity to refinance their loans using the 504 program at very desirable below-market, fixed interest rates. (*Status: in progress; temporary program.*)

### First Mortgage Pool Guarantee Program:

- Extends the sunset until September 2012 on the new temporary program for partial SBA guarantees on eligible pools of 504 first mortgages to be sold on the secondary market. (*Status: in progress.*)

(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.



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