

FFCFC 504 Loans: Providing Credit Unions with a Unique Alternative

The FFCFC 504 Loan Program was designed specifically to help business members expand their small businesses 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.

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.
- Green initiative projects are now eligible under the program.
- 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.

Loan Structure:

- The credit union typically finances 50% of the project cost and takes a first mortgage (lien) 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.

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
- Below market, true fixed interest rates – no ARMs.
- Up to 90% commercial financing.
- Amortization terms up to 20 years.
- Fees and other up front costs and expenses may be financed in the loan.
- Projects from \$125,000 to \$20 million.

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
Capital. Contact a
Loan Officer today.*



**Florida First Capital
Finance Corporation**

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