



Other FFCFC 504 Loan Criteria

Principals/Owners:

- Owners must be U.S. citizens or registered aliens with green card.
- Owners cannot be on probation.
- Liquid assets of the principals are taken into account in determining eligibility.

Collateral:

- Generally, the project assets being financed are used as collateral.
- Anyone who owns 20% or more of the operating company must personally guarantee.

Prepayment:

- There is a prepayment penalty for the first half of the 504 Loan term. Contact an FFCFC Loan Officer for specific details.

504 Loan Profile: Making Financing More Affordable

Here's how a 504 Loan works: a project typically involves a first mortgage from a commercial lender (usually 50%) and a second mortgage from FFCFC (usually 40%). The good news is the borrower's down payment is usually only be 10%, thus conserving working capital to expand the business and create more jobs.

Project Costs – Existing Facility Example

| | |
|---------------------------|--------------------|
| Land and Building | \$800,000 |
| Renovations | 100,000 |
| Machinery | 50,000 |
| Soft and Closing Costs | 50,000 |
| Total Project Cost | \$1 million |

Project Costs – New Construction Example

| | |
|---------------------------|--------------------|
| Land | \$250,000 |
| Construction | 600,000 |
| Soft and Closing Costs | 150,000 |
| Total Project Cost | \$1 million |

FFCFC 504 Loan Structure

| | |
|-----------------------------|--------------------|
| Lender First Mortgage (50%) | \$500,000 |
| FFCFC Second Mortgage (40%) | 400,000 |
| Borrower Equity (10%) | 100,000 |
| Total Project Cost | \$1 million |

