



The FFCFC 504 Loan Program: Specialized Fixed Asset Financing for Growing Professional Practices

The FFCFC 504 Loan Program is designed for the acquisition of commercial real estate without the financial hassles and high cash outlay requirements often associated with conventional financing programs. Likely candidates include professional offices and outpatient centers that require significant build-out and finish as well as professionals seeking to purchase office condos.

Loan Structure:

- A commercial lender provides a first mortgage loan of 50% of the total project cost. FFCFC funds 40% of the project cost at a below-market, fixed interest rate and takes a second mortgage position. The borrower puts in as little as 10% equity.

Program Highlights:

- Up to 90% commercial financing at below-market, true fixed interest rates with amortization terms up to 20 years.
- **(NEW)** 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 (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:

- Owning versus renting allows you to build hard earned equity in your practice.
- A monthly mortgage payment is usually about the same or less than a lease payment.
- The owner can operate in 51% of an existing building and lease the other 49%, creating an income stream to strengthen cash flow.
- The capital fixed assets acquired with a 504 loan can be placed into trust ownership.
- Not only are there tax advantages, but a real estate purchase with a fixed rate loan can result in overall lower and predictable occupancy costs.
- The low down payment requirement allows all financial levels of the practice to participate, thus strengthening the professional association.
- Strong credit borrowers can obtain desirable interest rates from first mortgage lenders, which when combined with the 504 loan's below-market, fixed rate makes for a truly exceptional commercial real estate financing package.

(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
Capital. Contact a
Loan Officer today.*



**Florida First Capital
Finance Corporation**

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