

## FFCFC Loan Pooling Program: Your *Inside* Source for Selling 504 First Mortgages

### About the Program:

The FFCFC Loan Pooling Program helps 504 first mortgage lenders take advantage of the SBA 504 first lien pool guarantee program. FFCFC's role is to source and package transactions on behalf of the pool originator.

### About FFCFC:

Founded by the State of Florida in 1983 as a statewide Certified Development Company, FFCFC was privatized in 1997 and operates as a federally regulated, nonprofit corporation. FFCFC's mission is to foster economic development by working with the SBA and private sector lenders to provide financing to small businesses. FFCFC is a charter member of the Florida Finance Network, an alliance of State of Florida founded economic development agencies.

As part of the American Recovery and Reinvestment Act, Congress authorized the Small Business Administration (SBA) to create a temporary program that provides guarantees on eligible pools of 504 first mortgages to be sold on the secondary market.

Florida First Capital helps 504 first mortgage lenders take advantage of this new program aimed at rejuvenating an otherwise stalled secondary market. FFCFC's role is to source and package transactions on behalf of the pool originator.

### Highlights:

- A major U.S. investment bank will purchase 85% participating interests of individual loans in order to form eligible loan pools.
- The eligibility of each loan is dependent on the date of the SBA debenture funding. To be eligible, the debenture must have been funded on or after Feb. 17, 2009, and prior to Feb. 16, 2011.
- A pool is defined as two or more loans. A pool must be either fixed (for life) or adjustable (any period adjustment including five or 10 years).
- The seller will be paid a premium for the 85% participation interest sold, and will receive at least .50 basis points in servicing income as mandated by the SBA.

### Benefits to Lenders:

- The primary benefit will be premium income on the 85% participation interest sold to the pool originator.
- Another benefit will be long-term servicing income of at least .50 basis points paid to the seller on the sold portion of each loan (normally 85%).
- The originating lender will continue to be the public face to the small business owner (i.e., the lender's ongoing relationship with its borrower will be unaffected by the sale of the first mortgage).
- With the ability to sell 85% of each loan, banks that were unable to fund high dollar real estate loans for their small business customers will now be able to get back into the market. For banks that were limited in their fundings due to capital restraints, they will be able to leverage their funds and make four or five similar sized loans for the same capital cost as one unsold loan.

FFCFC is currently seeking eligible funded loans in order to build efficiently sized loan pools that result in the maximum price paid to the selling lender. If you have loans where the debenture funded on or after February of 2009 (includes first liens funded in 2008), please contact Florida First Capital.

**For More Information About the FFCFC 504 Loan Pooling Program,  
Contact Debbie Petrell, SVP and Sales & Marketing Manager.**

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