



## Economic Stimulus Bill Updates as of 1/28/2021

While TCM awaits final guidance from SBA related to the recently approved stimulus bill (Economic Aid Act), we thought it would be helpful to share details about expected SBA 504 program enhancements.

**Please note, all information below is subject to SBA implementation guidance.**

### Temporary Fee Eliminations (Loans Approved Between December 27, 2020 – September 30, 2021)

- Waives 0.5% Third Party Lender Participation Fee (based on senior loan amount)
- Waives 1.5% CDC Processing Fee (portion of SBA 504 debenture pricing)

### Debt Relief Under CARES Act Section 1112

- Qualifying loans approved prior to March 27, 2020
  - Six months of payment subsidies (this relief may have already been received, or could be forthcoming if the SBA 504 loan has yet to fund)
  - Three months of payment subsidies starting February 1, 2021 (or beginning once the SBA loan has funded) to be capped at \$9,000 per loan per month
  - Additional five months (after three months) of payment subsidies for loans to borrowers in the Community Advantage or Microloan programs, as well as to borrowers that operate in hard hit NAICS codes (61, 71, 72, 213, 315, 448, 451, 481, 485, 487, 511, 512, 515, 532, and 812)
- Qualifying loans approved from March 27, 2020 – September 27, 2020
  - Six months of payment subsidies (if no prior payment subsidies have yet been received)
  - Pending funding availability, may receive an additional three months of payment subsidies starting February 1, 2021 (or beginning once the SBA loan has funded) to be capped at \$9,000 per loan per month
  - Pending funding availability may receive additional five months (after three months) of payment subsidies for loans to borrowers in the Community Advantage or Microloan programs, as well as to borrowers that operate in hard hit NAICS codes (61, 71, 72, 213, 315, 448, 451, 481, 485, 487, 511, 512, 515, 532, and 812)
- Qualifying loans approved from February 1, 2021 – September 30, 2021
  - Six months of payment subsidies to be capped at \$9,000 per loan per month
  - Businesses that have received (or will receive) debt relief on any other 7(a) loan, 504 loan, or Microloan that was approved March 27, 2020 - September 27, 2020 are not eligible for payment subsidies on any new loan approved February 1, 2021 - September 20, 2021

### Additional SBA 504 Program Enhancements (More Guidance Forthcoming)

- SBA 504 Debt Refinance Without Expansion
  - Addition for the ability to refinance debt that is currently government-guaranteed
  - Reduction from two years to six months for required time that qualified debt must be in place to be eligible for refinance
  - Elimination of the requirement that the loan to be refinanced must have been current for not less than one year prior to application date
  - Allowing existing jobs to qualify as jobs retained for project eligibility
- SBA 504 Debt Refinance With Expansion
  - Increase the amount eligible for debt refinance from 50% of expansion costs to 100% of expansion costs
- Cash-out Subordination Requests
  - During the one-year period following enactment of the law (12/27/2020), SBA will consider a cash-out subordination request up to a total of 90% LTV (when considering the SBA 504 loan) with proceeds now allowed to be used for working capital.
- SBA 504 Express Loan
  - Temporary program available until September 30, 2023 that would provide the CDC delegated authority to approve, authorize, close, and service SBA 504 loans up to \$500,000
  - Does not include loans to borrowers in industries with high default rates or operating franchises with high default rates