



# STIMULUS PACKAGE #2

## The Consolidated Appropriations Act

### SUMMARY OF KEY PROVISIONS FOR SMALL BUSINESSES

*updated: February 22, 2021*

The Consolidated Appropriations Act, 2021 is a \$2.3 trillion spending bill that combines \$900 billion in stimulus relief for the COVID-19 pandemic with a \$1.4 trillion omnibus spending bill for the 2021 federal fiscal year. The COVID relief portion includes many provisions for small businesses, including:

- ▶ Enhancements to 504 Refinance Program
- ▶ Temporary Fee Reduction for the 504 Loan Program
  - ▶ Extension of CARES ACT payment subsidies for 504 loan payments
  - ▶ New PPP Relief Program

*DISCLAIMER: All information is subject to full pending SBA implementation guidance - required regulations, notices and revised forms. TMC will provide further updates when they are available.*

# REFINANCE & FEE REDUCTION



## WHAT YOU NEED TO KNOW ABOUT THE NEW SBA 504 REFINANCE PROGRAM



### More businesses are eligible:

- The loan to be refinanced only needs to have been in place for 6 months, rather than 2 years
- The 504 Program can now refinance SBA 7a loans
- 12 months of current payments is no longer an eligibility criteria; it is reviewed as part of the credit decision

### For borrowers with SBA 504 loans:

- For one year from Dec. 27, 2020 borrowers can refinance the first trust deed and take

cash out to be used for business needs, rather than exclusively used on their building

- Total financing up to 90% LTV when combined with the 504 second mortgage

## TEMPORARY FEE REDUCTION FOR 504 PROGRAM

- Fee reductions for new 504 loans approved from the date of enactment of the new law (Dec. 27, 2020) to Sept. 30, 2021
  - Waives 0.5% Third Party Lender Participation Fee on loan in senior lien position in 504 project
  - Waives 1.5% CDC processing fee (in debenture pricing)

*Please note, SBA guidance is expected to address handling of all loans in process at SBA.*

# DEBT FORGIVENESS



## DEBT FORGIVENESS

The Act appropriates \$3.5 billion to extend the debt relief under the original CARES Act.

### **For SBA loans approved prior to the CARES Act (March 27, 2020) borrowers received or are receiving:**

- 6 months of payment subsidies if loan was funded on or before Sept. 27, 2020  
OR 3 months of payment subsidies if loan was funded on or after Sept. 28, 2020
  - Funded borrowers & borrowers coming off deferment may have already received or been allocated this relief under original CARES Act
- 2 months of payment subsidies starting Feb. 1, 2021, capped at \$9,000 per loan per month
- An additional 3 months of payment subsidies for loans to underserved (includes Community Advantage Loans and Microloans) or hard-hit industries, capped at \$9,000

per loan per month

### **For SBA loans approved from March 27, 2020 to Sept. 27, 2020 borrowers received or are receiving:**

- 6 months of payment subsidies if loan was funded on or before Sept. 27, 2020  
OR 3 months of payment subsidies if loan was funded on or after Sept. 28, 2020

### **For SBA loans approved from Sept. 27, 2020 to Jan. 31, 2021, borrowers do not receive payment subsidies.**

Why? Congressional intent of the CARES Act is to provide relief to existing borrowers in place at the onset of the pandemic and to stimulate new loans that would not otherwise occur because of the pandemic

### **For new SBA loans approved from Feb. 1, 2021 to Sept. 30, 2021 borrowers receive:**

- 3 months of payment subsidies, capped at \$9,000 per loan per month (subject to availability of funds)

# HARD HIT INDUSTRIES



## HARD HIT NAICS CODES

NAICS Code	Industry	NAICS Code	Industry
61	Educational Services	485	Transit, Rail, Bus, Taxi, Limo
71	Arts, Entertainment, & Recreation	487	Scenic & Sightseeing Transportation
72	Accommodation & Food Services	511	Newspaper, Books, etc. Publishing
213	Support Activities for Mining	512	Motion Picture, Video, Sound Recording Industries
315	Apparel Manufacturing	515	Radio & TV Broadcasting
448	Clothing & Clothing Accessories Stores	532	Rental & Leasing equipment, consumer goods, etc.
451	Sporting Goods, Hobby, Book, Music Stores	812	Personal & Laundry Services
481	Air Transportation		<a href="http://www.census.gov/eos/www/naics/">www.census.gov/eos/www/naics/</a>

# PAYCHECK PROTECTION PROGRAM

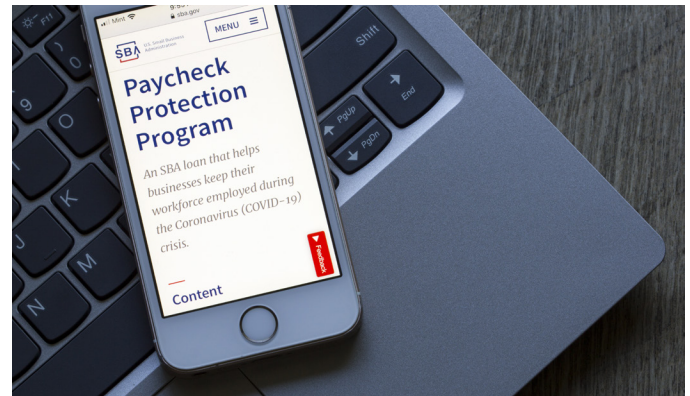


## PAYCHECK PROTECTION PROGRAM SECOND DRAW

Summary of PPP Second Draw Relief Package:

- Businesses that received a First Draw PPP Loan can apply for a Second Draw PPP Loan if they experienced a drop of at least 25% in 2020 revenue over the same time period in 2019
- PPP borrowers must have used all of their First Draw PPP Loan on or before the expected date on which the Second Draw PPP Loan is disbursed
  - The full amount of the First Draw PPP Loan must have been spent on permitted authorized costs
  - The new PPP Program is authorized by SBA through March 31st, 2021
  - The maximum loan amount for a Second Draw PPP is equal to 2.5 months of the borrower's average monthly payroll

- For restaurants and businesses in the hospitality industry, the maximum loan amount can be as much as 3 1/2 months of average monthly payroll



- If a Second Draw PPP borrower used its 2019 figures to determine its First Draw PPP Loan amount and uses its 2019 figures to determine Second Draw PPP loan amount, TMC will not need any additional documentation to substantiate payroll costs
  - For Second Draw PPP Loans less than \$150,000 PPP borrowers must submit the revenue reductions documentation EITHER at application or when

# PAYCHECK PROTECTION PROGRAM



it applies for PPP Loan forgiveness. For Second Draw PPP Loans greater than \$150,000, PPP borrowers must submit documentation at the time of application

- For informational purposes only, [view an example Second Draw Borrower Application, SBA Form 2483-SD \(1/21\) here.](#)
- Expenses paid for with PPP loan proceeds, are deductible from federal taxes.
- A simplified forgiveness application for **loans under \$150,000** is expected to be released soon
- **EIDL:** The \$1,000 - \$10,000 grant received by EIDL borrowers will no longer be deducted from PPP loan forgiveness.

The SBA portal for Second Draw PPP program is open and TMC will be processing Second Draw PPP loans of up to \$500,000 to all qualified borrowers who have an existing PPP Loan with TMC.

**TMC PPP borrowers will receive an email invite to the Second Draw PPP Application Portal.**

Please review our [PPP Loan Forgiveness FAQs](#) to learn more about the forgiveness application process.

For questions surrounding PPP, please email:

[ppp@tmcfinancing.com](mailto:ppp@tmcfinancing.com)

or call:

415.655.5480

**TMC is your partner and we are  
here to help.**

We recognize the immense challenges facing small businesses as a result of the Coronavirus crisis. It is our goal to be as helpful and as supportive as possible to get through this difficult time.

We will continue to provide updates as additional information comes available.

