

Newsletter

Additional 504 Program COVID-19 Relief for Small Businesses

SBA 504 Effective Rates for January 2021

25-year - 2.70% / 2.74% Refi ~ 20-year - 2.66% / 2.70% Refi ~ 10-year - 2.45% / 2.48% Refi

DISCLAIMER: The following text is from legislation only. There has been no SBA guidance issued yet, so we have no information on how the following topics will be implemented and regulated. All information is subject to full pending SBA implementation guidance and much remains uncertain until that is received.

Congress has passed a coronavirus relief/economic stimulus bill on December 27th, 2020. The Legislation includes the following provisions impacting the 504 Loan Program:

- **Temporary Fee Eliminations:** For new loans approvals from December 27, 2020 through September 30, 2021: Waives 0.5% Third Party Lender Participation fee—on loan in senior lien position in 504 project
- **CARES Act Section 1112 Payments:** will not be treated as taxable income to the borrower for federal income tax purposes. Any tax deduction arising from these payments subsidies will accrue to the borrower as if the payment was made by the borrower. *Small businesses should consult their tax professional for specific guidance on tax issues.*
- **Debt Relief:** Congress appropriated \$3.5 billion to extend payments to existing and new SBA borrowers.

Qualifying loans approved prior to CARES Act (March 27, 2020):

- 6 months of payment subsidies (funded borrowers may have already received this relief under the original CARES Act)
- 3 months of payment subsidies starting February 1, 2021 capped at \$9,000 per loan per month
- Additional 5 months (after 3-months) payment subsidies for loans to **“Hard-hit”* borrowers, capped at \$9,000 per loan per month

Qualifying loans approved during the original CARES Act (March 27, 2020-September 27,2020):

- 6 months of payment subsidies

**“Hard-hit” NAICS Codes: 61; 71; 72; 213; 315; 448; 451; 481; 485; 487; 511; 512; 515; 532; 812*

- According to <https://www.census.gov/eos/www/naics/>

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Debt Relief (continued): Congress appropriated \$3.5 billion to extend payments to existing and new SBA borrowers.

Qualifying loans approved February 1, 2021-September 30, 2021:

- 6 months of payment subsidies, capped at \$9,000 per loan per month

Loans approved September 27, 2020-January 31, 2021:

- No payment subsidies because the congressional intent of Section 1112 payment subsidies was 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.

Debt Refinance Program WITHOUT Expansion:

- Elimination of prohibition on refinance of any government-guaranteed debt (such as the 7(a) program).
- Reduction from 2 years to 6 months required time that Qualified Debt must not be in place for refinance eligibility.
- Elimination of requirement that loan must have been current for not less than 1 year prior to application date.

Debt Refinance Program WITH Expansion: Congress presents an increase in amount of debt eligible for refinance from 50% of expansion costs to 100% of expansion costs.

The information provided above was provided by NADCO. Thank you to NADCO for being a small business advocate during this hard time and providing NWBDA with the legislative information. This is an ever changing situation, and new programs and rules are still being implemented and changed. We will do our best to continuing relaying accurate information.

December’s Loan Fundings

NWBDA funded **5** new projects for the total amount of **\$16,522,449.00**

December’s Loan Approvals

NWBDA approved **14** new projects for the total amount of **\$35,661,645.00**

In the month of December, NWBDA helped **create 48 new jobs** in the local communities

Business Development Officers

Eastern WA/North ID

Eric Sartell

esartell@nwbusiness.org
(509) 904-5169

Central Washington

Lisa Vincent

lvincent@nwbusiness.org
(509) 469-5040

Western Washington

Elizabeth Rusnak

erusnak@nwbusiness.org
(425) 286-6673

Mark Beppler

mbeppler@nwbusiness.org
(425) 505-3263

Southwestern Washington

Jim Bright

jbright@nwbusiness.org
(360) 521-5704

Greater Portland Metro Area/

North Oregon Coast

Mike Miller

mmiller@nwbusiness.org
(503) 746-1805

Willamette Valley, Central, Eastern & Southern Oregon

Evan Heriot

eheriot@nwbusiness.org
(541) 228-5015

Follow Us on Twitter
and LinkedIn!



info@nwbusiness.org
www.nwbusiness.org
(509) 458-8555
(800) 540-1748 (Toll Free)

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