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Loans Available for Nonprofits in the CARES Act (Public Law 116-136)

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eligible to apply for. The chart that follows provides information on those loan options, eligibility criteria, terms, and application information. This chart is

neither financial nor legal advice for any specific organization. It is an analysis of the new law before any rules or regulations.

nonprofits and for-profit Disaster Loan (EIDL) be created by the Treasury entities to secure funds to pay program expanded to Department to fill the gap between	Program	Program (Emergency SBA 7(a) Loans)	Emergency Grants (SBA 7(b) Loans)	
entities to secure funds to pay program expanded to Department to fill the gap between		Emergency loan program for	Existing Economic Injury	Largely undefined loan program to
		nonprofits and for-profit	Disaster Loan (EIDL)	be created by the Treasury
Description staff and operating costs for more for-profit entities, the Paycheck Protection Program		entities to secure funds to pay	program expanded to	Department to fill the gap between
	Description	staff and operating costs for	more for-profit entities,	the Paycheck Protection Program



Nonprofit Careers

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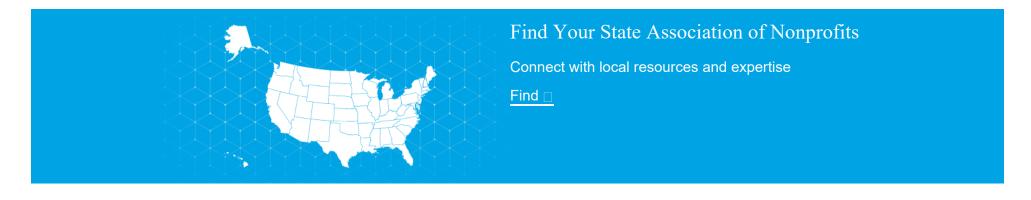
	two months, and secure full loan forgiveness under certain circumstances.	rapid grant procedure.	for smaller employers and the industry stabilization loans to big business.
Size Eligibility	500 or fewer employees	Existing EIDL limits for nonprofits*	Between 500 and 10,000 employees
Dollar Amount	The lesser of \$10 million or 2.5 times the average total monthly payroll costs from the one-year period (look back) prior to the date of application. Express 7(a) loans available up to \$1 million.	Normal EIDL loans available up to \$2 million. EIDL advances of \$10,000 paid within 3 days.	Unspecified
Loan Processor	Local financial institutions	Small Business Administration	Local financial institutions
Nonprofit Eligibility	Must have been in operation on 2/15/2020 and had paid employees and/or paid independent contractors. Expressly available for charitable nonprofits with 500 or fewer employees, but requires that employees of affiliated nonprofits may be counted toward the 500 employee cap, depending on the degree of control of the parent.	In operation before 1/31/2020. Loans can be based solely on credit score. Existing EIDL program applies to "private nonprofit organizations" that excludes religious institutions and some other charitable organizations.	Expressly applies to "nonprofit organizations"
Personal Guarantee	No collateral or personal guarantee required.	Waives personal guarantee up to \$200,000, and requirement of inability to obtain credit elsewhere.	Unspecified
Certification	Good-faith certification that need for the loan is based on economic conditions; funds to be used to retain workers and maintain payroll or make mortgage, lease, and utility		Good-faith certification that need is based on economic conditions; funds to be used to retain and restore employment, won't abrogate collective bargaining

	payments; and no duplicate application or receipt of funds for same purposes.		agreements, and will remain neutral in union organizing efforts, among other things.
Loan Use	Payroll costs, mortgage interest payments, rent, utilities, and interest on prior debt during the 8-week period following loan origination.	due to disrupted supply	To retain 90% of workforce at full wages and benefits through 9/30/2020 and intention to restore 90% of workforce in place on 2/1/2020.
Loan Terms	Veare		Interest capped at 2% with no principle or interest paid for first 6 months.
Loan Forgiveness	Employers that maintain employment for the 8 weeks after origination of loan, or rehire employees by June 30, will have loans forgiven in whole or part, essentially turning the loan into a grant. Section 1106.	\$10,000 advance forgiven even if borrower denied EIDL loans.	Expressly prohibited in statute. Section 4003(d)(3))
	Covered Period means the 8- week period following loan origination.	Covered Period means 1/31/2020 through 12/31/2020.	
	working on a full-time, part-	Eligible entity means a business with 500 or fewer employees.	
Key Definitions	benefits costs) paid to employees and contractors, capped at \$100,000 per year per individual (prorated over the "covered" period), and state/local payroll taxes.	*Eligible private nonprofits include, without limitation, nursing homes, food kitchens, educational facilities, senior citizen centers, daycare centers, playhouses, and shelters, among others.	
		For emergency EIDL	

11	To be announced by SBA. Guidance due by 4/11/2020.	complete SBA Form 5	To be announced
		online.	

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Categories: Federal Policy Issues Tags: COVID-19, Coronavirus



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National Council of Nonprofits

1001 G Street NW Suite 700 East Washington, DC 20001 Phone: (202) 962-0322

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