

Loans Available for Nonprofits in the CARES Act

Program	Paycheck Protection Program (Emergency SBA 7(a) Loans) Secs. 1102, 1106	Expanded EIDL & Emergency Grants (SBA 7(b) Loans) Sec. 1110	Mid-Size Loan Program Sec. 4003
Description	Emergency loan program for nonprofits and for-profit entities to secure funds to pay staff and operating costs for two months, and secure full loan forgiveness under certain circumstances.	Existing Economic Injury Disaster Loan (EIDL) program expanded to more for-profit entities, applies looser credit standards, and creates a rapid grant procedure.	Largely undefined loan program to be created by the Treasury Department to fill the gap between the Paycheck Protection Program 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	Self-certification under penalty of perjury.	Good-faith certification that need is based on economic conditions; funds to be used to retain and restore employment, won’t

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Loan Use	or make mortgage, lease, and utility payments; and no duplicate application or receipt of funds for same purposes. Payroll costs, mortgage interest payments, rent, utilities, and interest on prior debt during the 8-week period following loan origination.	\$10,000 advance: Paid sick leave, meeting payroll, increased costs due to disrupted supply chain, mortgage, debt service.	abrogate collective bargaining agreements, and will remain neutral in union organizing efforts, among other things. 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	4% interest rate; first 6 months of payments (principal and interest) automatically deferred. Maximum of 10 years.	Normal EIDL: 2.75% interest rate for nonprofits \$10,000 advance treated as a grant	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)
Key Definitions	Covered Period means the 8-week period following loan origination. Employee means an individual working on a full-time, part-time, or other basis. Payroll Costs include compensation (including 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.	Covered Period means 1/31/2020 through 12/31/2020. Eligible entity means a business with 500 or fewer employees. *Eligible private nonprofits include, without limitation, nursing homes, food kitchens, educational facilities, senior citizen centers, daycare centers, playhouses, and shelters, among others.	
Application & Documentation	SBA Instructions and sample application (posted 3/31/2020)	For emergency EIDL Grant, apply here now. For normal EIDL loans, complete SBA Form 5 online.	To be announced