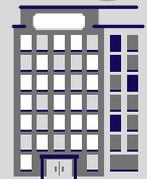


COVID-19 has drastically impacted nonprofit organizations across the country, leaving many filled with financial uncertainty. As a result of the CARES Act, nonprofits can now seek financial relief as a way to plan forward amidst the current pandemic. NN4Y has created this tip sheet on two loan options currently available through the U.S. Small Business Administration (SBA).

SMALL BUSINESS ADMINISTRATION (SBA) LOAN (mid-size nonprofits)

- **Economic Stabilization Fund Loans** available to eligible businesses including mid-size nonprofits with 500-10,000 employees.
- 2% interest rate loans (No accrual interest or payments required for the first six months).
- Funds used to protect at least 90% of staff (including full compensation and benefits) until September 30, 2020.
- Application requirement: Borrowers must prove that alternative financing is not reasonably available in order to qualify.
- **Note:** No loan forgiveness component.



SBA 7(a) LOAN (nonprofits with 500 or less employees)

- **Paycheck Protection Program** available to charitable nonprofit organizations with 500 or fewer employees (counting each individual – full time or part time and not FTEs).
- 4% interest rate loan (max.) Loan payments will be deferred for six months.
- Provides funding for special emergency loans of up to \$10 million for eligible nonprofit organizations. Loan sizes are expected to be in the amount of 2.5 times the average total monthly payroll (including benefits) costs from the one-year period prior to the date of application. Funds available are to cover payroll and associated costs, health insurance premiums, facilities costs, interest on mortgages, rent, utilities and debt services.
- Bank/lenders are authorized to determine a borrower's eligibility and creditworthiness without having to go through all of SBA's regular channels.
- No collateral or personal guarantees are required.
- Authorized administration of new loans are until Dec. 31, 2020.



LOAN FORGIVENESS FOR SBA 7(a) ONLY

- Loan forgiveness is available for nonprofit organizations that maintain employment from March 1 - June 30, 2020 **if** all employees are kept on payroll for **eight weeks** after the origination of the loan **OR** by rehiring employees by June 30, 2020. (Due to likely high subscription, at least 75% of the forgiven amount of the loan must have been used for payroll costs.)
- Loan forgiveness is based on the employer's ability to maintain or quickly rehire employees and maintain salary levels.
- Loan forgiveness cannot exceed the amount of the loan's principal. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.

HOW TO GET STARTED

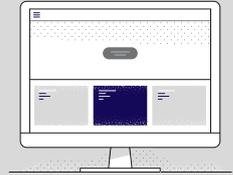
Visit the SBA's website and download a borrower application form:

<https://www.sba.gov/document/sba-form--paycheck-protection-program-borrower-application-form>

Contact your bank to see if they are an SBA approved lender and look for your local resource center: <https://www.sba.gov/local-assistance/find/>

Gather your payroll expenses and calculate your costs.

Confirm state and local considerations regarding payroll requirements.



Visit the U.S. Small Business Administration's website regularly for more details:

<https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

ADDITIONAL RESOURCES

For a summary of the CARES Act, visit: https://alliance1.org/web/news/2020/march/cares-act-summary-key-provisions-community-based-human-services-organizations.aspx?utm_source=Real%20Magnet&utm_medium=email&utm_campaign=Alliance%20General%20Communications%20

For a policy analysis of the CARES Act, visit: <https://www.councilofnonprofits.org/trends-policy-issues/initial-analysis-of-the-coronavirus-aid-relief-and-economic-security-act-cares>

To view the legislative language, visit: <https://www.congress.gov/116/bills/hr748/BILLS-116hr748eas.pdf>

To read a section by section of the law, visit :

<https://www.help.senate.gov/imo/media/doc/CARES%20Section-by-Section%20FINAL.PDF>

For the SBA's general list of Coronavirus general relief options, visit:

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>

For up-to-date resources and information relating to COVID-19 and serving youth experiencing homelessness, bookmark NN4Y's resource center:

<https://nn4youth.org/learn/covid-19>