

Loans Available for Nonprofits

| Program | Paycheck Protection Program (“PPP”) | EIDL Loans |
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| Description | Emergency loan program for nonprofits to secure funds to pay staff (75%) and operating costs (25%) for 8 weeks. Loan forgiveness under certain circumstances | Existing program expanded due to COVID-19 crisis. Applies looser credit standards and creates a rapid grant procedure. |
| Size Eligibility | 500 or fewer employees | 500 or fewer employees |
| Dollar Amount | The lesser of \$10 million or 2.5 x the average total monthly “Payroll Costs” from 2019 | Up to \$2 million. Advances of \$10,000 paid within 3 days. |
| Loan Processor | Local financial institutions | Small Business Administration |
| Nonprofit Eligibility | Must have been in operation on 2/15/2020 with paid employees and/or 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 degree on control of the parent. | In operation before 1/31/2020. Loans can be based solely on credit score. EIDL program applies to “private nonprofit organizations” that excludes religious institutions and some other 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 |
| Certification | Good-faith certification that need for the loan is based on economic conditions; funds to be used to retain workers and maintain payroll (75%) or make mortgage, lease, and utility payments (25%); and no duplicate application or receipt of funds for same purpose. | Self-certification under penalty of perjury. |
| Loan Use | “Payroll Costs” (75%), mortgage interest payments, rent, utilities, and interest on prior debt (25%) during the 8-week period following loan funding. | \$10,000 advance: Paid sick leave, meeting payroll, increased costs due to disrupted supply chain, mortgage, debt service. |

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| Loan Terms | 1% interest rate; first 6 months P+I automatically deferred. Maximum of 2 years. | 2.75% interest rate for nonprofits; \$10,000 advance treated as a grant |
| 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. | \$10,000 advance forgiven even if borrower denied EIDL loans. |
| Key Definitions | <p>Covered Period means the 8-week period following loan origination.</p> <p>Employee Means an individual working on a full-time, part-time, or other basis.</p> <p>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.</p> | <p>Covered Period means 1/31/2020 through 12/31/2020.</p> <p>Eligible entity means business with 500 or fewer employees.</p> <p>*Eligible private nonprofits include, without limitation, nursing homes, food kitchens, educational facilities, senior citizen centers, daycare centers, playhouses, and shelters, among others.</p> |