



CORONAVIRUS EMERGENCY LOANS

Not-for-Profit Guide and Check List

In late March 2020 Congress passed and the President signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act into law. CARES included the Paycheck Protection Program which provides guaranteed federal loans to non-profits and small businesses through the Small Business Administration. This program is designed to offset financial hardship due to COVID-19. Loans will be given out on a first-come, first served basis.

SBA 7(A) PAYCHECK PROTECTION PROGRAM

Under the CARES Act, non-profits and small businesses with fewer than 500 employees, including non-profits that receive Medicaid payments, will be eligible for loans to meet payroll and other qualifying costs, such as rent and utilities. Much of the loan is forgivable if you keep staff on payroll during the loan period (currently March 1 through June 30).

This, in essence, turns a portion of the loan into a grant. The total loan fund is expected to be \$349 billion. Max loan is \$10 million. Recipients do not have to certify that they are unable to obtain credit elsewhere.

Loan amount is 2.5 times the organization's average monthly payroll, with pay capped at \$100,000 per employee.

Loan forgiveness will be available for all or a portion of the loan. Forgiveness will be reduced if staffing levels or pay is significantly reduced compared to 2019 before June 30, 2020.

Applications start on April 3, 2020.

NEXT STEPS

- 1 Determine if your agency could benefit and is eligible by the Payroll Protection Program.
- 2 Identify a local 7(a) lender to work with, as loans are made directly through the lender.
- 3 Begin preparing the appropriate documentation (payroll tax filings to the IRS, state income, payroll, and unemployment insurance filings, financial statements to prove your mortgage, lease, or utility payments).
- 4 Download the application at unitedwaymidlands.org/sbagrantapplication (this link connects you to the *anticipated* application form and will be updated when the application process opens).
- 5 Apply early!

For additional information visit SBA.gov or Treasury.gov or contact Matt Wallen at mwallen@uwmidlands.org.

Sources: United Way Worldwide and U.S. Chamber of Commerce

United Way
of the Midlands

