



# Draper Richards Kaplan

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## COVID-19 Economic Assistance through SBA

[Time-Sensitive Information]

**Last Updated:** Friday, March 27

We are writing to let you know of two time-sensitive economic assistance opportunities for nonprofits, made available through the federal government’s [Small Business Administration](#) (SBA) department, that could significantly offset financial hardship due to COVID-19 over the next few months. **We encourage you to consider these opportunities rapidly as both funds will go fast.**

**SBA 7(a) Paycheck Protection Program:** Under the CARES Act stimulus bill, you can access up to 2.5 months of payroll expenses in loans. Much of the loan is forgivable if the organization keeps staff on payroll during the loan period. This, in essence, turns a portion of the loan into a general operations grant. The total loan fund is expected to be \$349B, and loans will be given out on a *first-come, first-served basis*. If you are interested, you will have to move fast, as we estimate that there are over 4 million eligible organizations. Application details are expected on the SBA website early next week once the bill is signed. See the below for more details. We will follow up with you when the expedited 7(a) loan application is live.

**SBA Economic Injury Disaster Loans:** EID loans offering up to \$2M in assistance are also now available to nonprofits to help overcome temporary loss in revenue caused by COVID-19. The interest rate is 2.75%, with repayment terms of up to 30 years. The application is straightforward and can be completed [online](#). However, please note that this loan does not include forgiveness provision, unlike the 7(a) program. Organizations cannot receive both, unless the loan applications are for different purposes (i.e. personnel and rent costs for 7(a) and other operating expenses for EIDL). The pot of money for this program is also much smaller, so we recommend looking into the 7(a) loans first. See below for more details.

### Next Steps:

- (1) Reach out if we can be of assistance as you think through these options.
- (2) Let us know if you decide to apply for either opportunity.
- (3) Visit the Jewish Federations of North America [SBA Loan FAQ page](#) for more information.
- (4) Register [here](#) for a webinar on COVID-19 SBA 7(a) loans on Monday, March 30 at 4:30pm ET.

The webinar is open to non-profit professionals in all sectors

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**SBA 7(a) Paycheck Protection Program:** Under the CARES Act stimulus bill, nonprofits and small businesses with fewer than 500 employees are eligible for loans up to \$10M to meet payroll and associated costs such as health insurance premiums, facilities, costs, and debt servicing. Much of the loan is forgivable if the organization keeps staff on payroll during the loan period. This, in essence, turns a portion of the loan into a general operations grant.

## Details

- *Eligibility:* 501(c)3 nonprofits with 500 or fewer employees are eligible, regardless of whether the organization qualifies as a small business under the normal SBA standards. Recipients do not have to certify that they are unable to obtain credit elsewhere.
- *Loan Period:* Loans are intended to cover expenses incurred during the period from February 15, 2020 to June 30, 2020, although a future stimulus package could extend the program beyond June.
- *Amount:* Recipients are eligible for a loan of up to 2.5 times the organization's average monthly payroll (with pay capped at \$100K per employee), up to a maximum of \$10M.
- *Permitted Uses:* Payroll support (up to \$100K per person), benefits, paid sick leave, mortgage payments, rent payments, and debt servicing.
- *Terms:* Maximum interest rate of 4% and a maximum repayment term of 10 years; principal and interest are deferred for up to a year and all borrower fees are waived.
- *Loan Forgiveness:* Nonprofits are eligible for loan forgiveness for the amount spent during the first 8 weeks of the loan on payroll costs, interest payment on mortgage, rent, and utilities. The portion of these expenses that is eligible for forgiveness depends on the percentage by which you reduced FTE staff and/or salaries (relative to a comparable period in 2019). The specific mechanics of this comparison are not yet defined.
- *Lenders:* Loans are made directly through local 7(a) lending institutions and are guaranteed by the SBA. No personal or collateral guarantee is required. Here is a [list](#) of qualifying local lenders.

## How to Apply

- You will apply directly with [local lenders](#). SBA is expected to release application instructions early next week.
- Sign up [here](#) to receive updates on the application and loan process as they become available.

**SBA Economic Injury Disaster Loans:** As part of the first stimulus package, the SBA is providing low-interest working capital loans of up to \$2M to small businesses and nonprofits affected by the coronavirus



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## Details

- *Eligibility:* As of March 23, small businesses and nonprofits in every state can apply.
- *Amount:* Recipients are eligible for loans of up to \$2M.
- *Permitted Uses:* Loans may be used to cover accounts payable, debts, payroll and other bills the coronavirus has affected your ability to pay.
- *Terms:* These loans carry an interest rate of 2.75% for nonprofits. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay, but go up to a maximum of 30 years.

## How to Apply

- [Apply online](#). You'll need to fill out the [business loan application](#) (select "Economic Injury (EIDL)" as the reason you're seeking assistance) and the [Economic Injury Disaster Loan Supporting Information](#) form.
- You'll need to supply required supporting documentation including your organization's most recent tax return, a schedule of liabilities, and tax information authorization (IRS Form 4506) for any affiliated entities.
- Call the SBA Disaster Assistance Customer Service Center at 1-800-659-2955 if you need help with your application.



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Hello XXXXX,

We hope this email finds you, your team members, and your loved ones safe and healthy.

We are writing to let you know of two time-sensitive economic assistance opportunities for nonprofits impacted by COVID-19, made available through the federal government's [Small Business Administration](#) (SBA) department. We share headline information about the two opportunities below.

**SBA 7(a) Paycheck Protection Program:** Nonprofits and small businesses with fewer than 500 employees will be eligible for loans to meet payroll and other qualifying costs. These loans are forgivable if the organization keeps staff on payroll between March 1 through June 30. This, in essence, turns the loan into a grant. The total loan fund is expected to be \$349B, and loans will be given out on a *first-come, first-served basis*.

- Loan amount is 2.5 times the organization's average monthly payroll.
- This is part of the stimulus bill that is currently in Congress, which is expected to be signed by the end of the week. An updated application is expected on the SBA website by early next week. If you are interested, we encourage you to complete the application as soon as it becomes available.

**SBA Economic Injury Disaster Loans:** EIDL loans are now available to nonprofits and small businesses on a *first-come, first-served basis* to help overcome temporary loss in revenue caused by COVID-19.

- Loans offer up to \$2M in assistance. The interest rate for nonprofits is 2.75%, with repayment terms of up to 30 years. Funds may be used to pay fixed debt, payroll, accounts payable, and other bills that can't be paid due to the impact of restrictions.
- The application is straightforward and [now available online](#). If you are interested, you should apply as soon as possible.

You can find a more detailed summary about the 7(a) and EIDL programs [here](#). A Schusterman Family Foundation partner will be hosting a webinar on the 7(a) loans next week, and we will share those details with you as they become available.



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**We encourage you to consider these opportunities rapidly. Loans will be issued on a first-come, first-served basis, and there are more than 4 million eligible organizations.** Please reach out to [either Portfolio Director/PM if you're comfortable OR Angelica Leveroni Gomez at [aleveronigomez@schusterman.org](mailto:aleveronigomez@schusterman.org)] if we can be of assistance to you as you think through these opportunities.

Many thanks,

[Your name]