April 15, 2020

Re: Main Street Lending

On behalf of Colorado Nonprofit Association and our 1,400 nonprofit members, I write to express our concern and disappointment that the Main Street Loan Facilities announced on April 9th fail to provide essential relief to nonprofit organizations and appear inconsistent with the requirements of §4003(c)(3)(D) of the CARES Act.

If the Secretary has omitted nonprofits from these facilities with the intent of creating a separate Mid-Size loan program to extend credit to nonprofits, then the Treasury and the Fed should communicate this immediately to prevent more furloughs of nonprofit employees at a time that demand for nonprofits’ services is growing exponentially.

A program that provides financing for loans to nonprofits with 500 to 10,000 employees and meets the requirements of §4003(c)(3)(D) of the CARES Act should include the following terms:

• Include an interest rate of 0.50% (50 basis points) for 501(c)(3) charitable nonprofits at a 5 year amortization;
• Make it a priority to support 501(c)(3) charitable nonprofits responding to COVID-19 relief efforts;
• Require lenders to make a proportionate number and value of loans to nonprofits in order to prevent the crowding-out effect seen in the Paycheck Protection Program;
• Set a date certain for commencement of employee retention provisions; and
• Require payments not to be due until two years after a direct loan is made.

I ask that Treasury and the Fed exercise authority to convert loans under this program into grants, similar to the terms of the Paycheck Protection Program. Nonprofits are on the front lines of responding to COVID-19. The Mid-Size Loan program should treat larger nonprofits equitably as they face the same challenges as smaller nonprofits with respect to COVID-19.

Sincerely,

Mark Turner, Senior Director of Public Policy