COVID-19: UPDATED NONPROFIT FAQ FOR CARES ACT PAYCHECK PROTECTION PROGRAM

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Although nonprofit organizations have not traditionally been eligible for financial assistance from the Small Business Administration ("SBA"), the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") expressly designates certain types of nonprofit organizations as being eligible recipients of loans under the Paycheck Protection Program (the "PPP") provided under Sections 1102 and 1106 of the CARES Act.

This Nonprofit FAQ sets forth answers to some frequently asked questions concerning the PPP. It is based on the Interim Final Rules ("IFR") promulgated by the SBA implementing the relevant sections of the CARES Act, which were released on April 2 and 3, 2020 and published in the Federal Register at 13 CFR Part 120, as well as additional guidance in the form of a "frequently asked questions" document regarding the participation of faith-based organizations in the PPP, which was released on April 3, 2020.

This Nonprofit FAQ focuses on tax-exempt nonprofit organizations recognized under 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"). The CARES Act defines the term "nonprofit organization" as "an organization that is described in section 501(c)(3) of the Internal Revenue Code of 1986 and that is exempt from taxation under section 501(a) of such Code" (as used herein, a "nonprofit" or "nonprofits"). This Nonprofit FAQ does not address for-profit small businesses, veterans' organizations, Tribal business concerns, or other business concerns that may be eligible for a loan under the PPP.

Click here for the Nonprofit FAQ.

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