Public Comments Re: Main Street Lending

The National Council of Nonprofits – the nation’s largest network of charitable organizations – writes to express concern that the Main Street Loan Facilities announced 4/9 fail to extend essential relief to nonprofit organizations. If the programs are intended to satisfy the mandates in CARES Act §4003(c)(3)(D), significant changes must be made to comply with the law. If the Secretary intends to create a different loan program to extend credit to mid-size nonprofits, it is imperative that the Treasury and the Fed communicate this intention immediately to stem the furloughs of nonprofit employees while the needs for their services are growing exponentially.

As Treasury and the Fed work to create a program under §4003(c)(3)(D) providing financing to lenders to make loans to nonprofits and other employers with up to 10,000 employees, the program should include the following terms to satisfy the requirements of the CARES Act:

- Include an interest rate of 0.50% (50 basis points) for 501(c)(3) charitable nonprofits at a 5 year amortization
- Provide priority to 501(c)(3) charitable nonprofits responding to COVID-19 relief efforts and require lenders to make a proportionate number and value of loans to nonprofits to prevent the crowding out that is being seen in the Paycheck Protection Program
- Set a date certain for when employee retention provisions should begin
- Payments shall not be due until two years after a direct loan is made

We also ask that Treasury and the Fed utilize all authority to establish protocols to convert loans under this program into grants, similar to the terms established for the Paycheck Protection Program. Regardless of size, the needs and realities of nonprofits on the frontlines are the same. Loan programs should provide equal treatment.

Regards,

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