

## COVID-19 FINANCIAL ASSISTANCE OPPORTUNITIES FOR NOT-FOR-PROFIT PROVIDERS (Version 08.04.20)

Ongoing federal legislation, federal/state regulatory and policy actions, and private sector initiatives offer various forms of financial assistance to not-for-profit (NFP) service providers impacted by COVID-19. This funding takes the form of provider relief grants, relief from Medicare cuts, advance Medicare payments, Federal Emergency Management Agency (FEMA) grants, loan relief and tax incentives. While the small business opportunities are aimed at organizations with 500 or fewer workers, there are certain nuances to this criterion. The Coronavirus Aid, Relief, and Economic Security (CARES) Act also targets significant funding to small and mid-size businesses, including NFPs. Summary information on these opportunities is provided in the *Quick Reference Guide* below, which includes links to additional details in this document on each opportunity.

We encourage members to review the latest government and private sector guidance, LeadingAge National summaries and community sources such as financial institutions for more detailed information on these government programs. As additional state or federal funding opportunities become available or updates are made to these programs, we will revise this document. Similarly, we will continue to update private sector grant and loan opportunities as additional opportunities appear. **Please note that a separate index of programs from the Department of Housing and Urban Development (HUD) is provided beginning on page 12 of this document.**

Quick Reference Guide				
Program Name	Type	Eligibility	Process	Comments
<u><a href="#">Medicare Sequestration Relief</a></u>	Rate Adjustment	Medicare providers (SNFs, CHHAs, hospices, practitioners) and Advantage plans	No application needed. Automatic adjustments to FFS rates	Effective for claims dated May 1-Dec. 31, 2020
<u><a href="#">CARES Act Provider Relief Funding</a></u>	Grant	Medicare and Medicaid providers including nursing homes, home care and hospices	Over \$100B of the funding already paid or committed; must apply/attest to use	Total of \$175 billion to support expenses or lost revenue due to COVID-19
<u><a href="#">Medicare Advance Payment</a></u>	Cash Advance	Medicare providers including SNFs, CHHAs, hospices and practitioners	Apply to the Medicare contractor, National Government Services	Up to 3 months of advance Medicare payment and repay within 120 days. Suspended indefinitely as of 4/26/20
<u><a href="#">FEMA Public Assistance Program</a></u>	Grant	Nursing homes, clinics, extended care, home health, senior centers	Apply to FEMA	Eligible costs must be directly related to new activities to protect public health and safety
<u><a href="#">Paycheck Protection Program</a></u>	Forgivable Loan	NFPs with less than 500 workers qualify as small businesses	Apply to existing SBA lender or participating financial institution	Borrow up to 250% of average monthly payroll costs; loan payments deferred or forgiven
<u><a href="#">Federal Payroll Tax Deferral</a></u>	Payment Delay	All employers eligible, but limited when a PPP loan is forgiven	No application or notification to IRS needed	Defer payment of employer share of Social Security tax, with repayment over two years
<u><a href="#">Paid Family and Sick Leave Refundable Tax Credits</a></u>	Tax Credit	Employers with less than 500 workers that have paid these benefits	Claimed on tax return	Cost of leave time from 4/1-12/31/20. Refundable credit for NFPs
<u><a href="#">Economic Injury Disaster Loans &amp; Emergency Advance</a></u>	Loan with Forgivable Advance	Generally, NFPs with less than 500 workers qualify as small businesses	Apply through the SBA	Loans of up to \$2 million. Funding for \$10,000 forgivable advance was fully subscribed as of July 11 <sup>th</sup>

Quick Reference Guide				
Program Name	Type	Eligibility	Process	Comments
<a href="#">Aid for Existing SBA Borrowers</a>	Bridge Loans/ Loan Relief	Existing and qualified SBA borrowers	Apply for bridge loans through SBA lender; automatic loan relief	Express Bridge Loans of up to \$25,000, and automatic debt service payment on certain loans
<a href="#">Aid for Existing FHA-Insured Borrowers</a>	Loan Relief	Existing FHA Section 232 insured nursing home/ assisted living borrowers	Apply to FHA for forbearance; work with lender on other payment flexibilities	Debt service relief by suspending deposits to replacement reserve, and using reserve funds for debt service payments
<a href="#">Main Street Lending Program</a>	Flexible Loan	NFPs with between 10 and 15,000 employees and up to \$5 billion in revenues	Apply to eligible financial institutions	Federal Reserve has created two loan programs aimed at NFP businesses
<a href="#">New York Forward Loan Fund</a>	Loan	NFPs with less than 20 FTEs and \$3 million annual budget; housing with 50 or less units	Apply through a Community Development Financial Institution	Loans of up to \$100,000 for working capital, 5-year term and interest fixed at 3%
<a href="#">Local Private Sector Programs</a>	Grants and Loans	Vary based on organization's criteria	Apply to private organizations and charities	Grants and loans of various amounts for specified purposes

## Financial Assistance Program Overviews

### A. Medicare Sequestration Relief

Section 3719 of the CARES Act temporarily suspended the two percent payment reduction applied to all Medicare Fee-For-Service (FFS) claims due to sequestration, a federal budgetary cut that has been in place since 2013.

**What:** This means that the 2 percent payment reduction that would have otherwise been applied to Medicare payments to providers and managed care plans during this timeframe will not be applied. However, to compensate for the suspension, the sequestration provision will be extended by an additional year through the end of 2030. While providers will see the benefit of the provision in their FFS revenue, how and whether this will impact reimbursement provided by Medicare managed care plans may vary and be governed by plan-provider agreements.

**Who:** All Medicare providers and Medicare Advantage plans subject to sequestration are seeing their payments increased to reflect elimination of the two percent cut.

**When:** This revision in payments will be made automatically for dates of service from May 1 through Dec. 31, 2020.

**Additional Information:** A *Medicare Learning Network* article provides a [brief summary](#).

### B. CARES Act Provider Relief Funding

The CARES Act provides \$100 billion to hospitals and other healthcare providers to be used to support healthcare-related expenses or lost revenue attributable to COVID-19 and to ensure uninsured Americans can get testing and treatment. The *Paycheck Protection Program and Health Care*

*Enhancement Act* enacted on April 24<sup>th</sup> allocated an additional \$75 billion for provider relief, bringing the total to \$175 billion.

A General Distribution of \$50 billion was made to eligible providers starting in April 2020 based on 2018 net patient revenue, with approximately \$50 billion reserved for targeted distributions to various provider types. These funding distributions are grants that do not need to be paid back provided recipients agree to specified terms and conditions, apply as needed, submit the required tax and expense information and use the funds for eligible COVID-related purposes.

**What:** Beginning in April 2020, the Department of Health and Human Services (HHS) paid \$30 billion in an initial General Distribution to Medicare providers based on 2019 Medicare FFS payments. A second wave of General Distribution payments totaling \$20 billion was calibrated to ensure that the share of the total \$50 billion each provider received equaled two percent of the net patient revenue for all payers from its 2018 Medicare cost report. In May 2020, \$4.9 billion in targeted distributions to SNFs was paid at a rate of \$50,000 plus \$2,500 per certified bed. An additional \$15 billion is targeted for Medicaid and Children's Health Insurance Program (CHIP) providers, for which applications are now due **August 28, 2020**. HHS further announced on July 22<sup>nd</sup> that it would be distributing \$5 billion to SNFs and state veterans' homes to enhance their response to COVID-19, with further program details forthcoming.

**Who:** All facilities and providers that received Medicare FFS reimbursement in 2019 and filed a 2018 Medicare cost report were eligible for the General Distributions, including nursing homes, Certified Home Health Agencies, hospices and hospitals. The previously mentioned \$4.9 billion distribution was targeted to certified SNFs. The \$15 billion targeted to Medicaid/CHIP providers is aimed at assisted living facilities, home care agencies, SNFs, hospitals, clinics and practitioners that billed Medicaid for services between Jan. 1, 2018 and Dec. 31, 2019 and did not receive any General Distribution funding under the Federal Tax ID number associated with the provider's operating entity (NOTE: Programs of All-Inclusive Care for the Elderly (PACE) are ineligible). The Medicaid/CHIP Targeted Distribution funding will be based on 2 percent of the provider's gross revenues times the percentage of gross revenues from patient care for calendar year 2017, or 2018 or 2019, as selected by the applicant based on submitted tax documentation. Specifics are not yet available on the distribution of the \$5 billion of additional funding for SNFs and state veteran's homes announced on July 22<sup>nd</sup>.

**When:** The General Distributions and SNF targeted distribution have already been fully paid, for the most part. Applications for the Medicaid/CHIP Targeted Distribution funding are due August 28<sup>th</sup>. HHS has indicated that the funds will be paid weekly on a rolling basis based on the dates individual applications are received.

**Additional Information:** HHS information on CARES Act Provider Relief funding is available [here](#). HHS continues to update its Provider Relief Fund [FAQ](#) to include questions and answers (see the links at the top to locate relevant FAQs) on how the targeted Medicaid/CHIP distribution will be operationalized including further details on eligibility, information needed for the application, and calculation of payments. The HHS [Provider Relief Fund website](#) also includes [application instructions](#) on how to apply for the Medicaid distribution, which should be reviewed carefully prior to applying. Providers can only apply once and the instructions outline the information providers will need to collect in advance to be prepared to submit their application through the [HHS portal](#). Each Provider Relief Fund recipient must confirm receipt of the funds and agree to the [Terms and Conditions](#) of the funding within 90 days of Automated Clearing House (ACH) payment or check payment issuance using the [HHS attestation portal](#). Organizations with revenue greater than \$5 million are required to set up ACH accounts to receive payment electronically.

### **C. Medicare Advance Payment**

The CARES Act authorized CMS to provide accelerated or advance payments during the period of the public health emergency to a Medicare provider or supplier that submits a request to the appropriate Medicare Administrative Contractor (MAC) and meets the required qualifications. Please note that this is a cash flow relief provision only and must be paid back beginning 120 days after the advance payment is issued. **Effective April 26<sup>th</sup>, CMS stopped accepting any new applications for the Advance Payment Program** and will be reevaluating all pending and new applications for Accelerated Payments in light of the direct payments made available through CARES Act Provider Relief Funding.

**What:** The opportunity allows Medicare providers to request up to three months of Medicare payment in advance based on their historic Medicare FFS claims. This advance payment does not impede providers from continuing to receive payment on submitted claims.

**Who:** The program targets Medicare Part A and/or Part B providers that meet the requirements of having billed Medicare in the last 180 days, not being in bankruptcy, not being under active medical review or program integrity investigation and having no delinquent Medicare overpayments.

**When:** If the program is resumed, providers would apply using the application posted on the National Government Services (NGS) Medicare website. The MAC would typically issue payment within seven days of receiving the request. Most providers must begin repaying the advance 120 days from the date payment is issued (which will be an automatic process that will intercept Medicare payments), and repayment in full is required after 210 days (i.e., seven months). The repayment balance is not subject to interest until thirty days after the end of the repayment period, at which time interest begins to accrue at the prevailing rate set by the Treasury Department, which is currently 10.25 percent. Advocacy efforts to extend the 120-day timeframe for commencing repayment have not yet been successful, as that timeframe approaches for providers that received advances during April 2020.

**Additional Information:** CMS's original announcement contained step-by-step instructions for completing and submitting an application. The simple application form required only Name, Address, Provider Number, National Provider Identifier, contact information, the amount being requested, and an authorized signature. Submission emails were listed on the form. CMS's April 26<sup>th</sup> announcement suspending the program is available here. Any questions on the program can be addressed to NGS at 1-888-802-3898.

Although the NGS advance request form suggests that "providers are required to also submit, on their organization's letterhead, a detailed explanation of the system issue they are experiencing; specifically, whether the issue is CMS related or due to the provider's internal systems issue," MAC staff have clarified that a brief letter or email statement indicating that the request is related to the COVID-19 emergency is sufficient. Those taking advantage of the opportunity should be aware, based on current program requirements, that 100 percent of their regular Medicare payments will be automatically intercepted to repay the advance beginning 120 days after receipt of the advance payment.

### **D. FEMA Public Assistance Program**

On March 20, 2020, New York State received a major disaster declaration (DR-4480) from FEMA for the COVID-19 pandemic, making FEMA Public Assistance (PA) funding available for Category B emergency protective measures. The New York State Department of Homeland Security and Emergency Services (DHSES) is responsible for administering the program and working with applicants to submit requests for

FEMA funds. DHSES has been holding several virtual applicant briefings to discuss FEMA funding that may be available under this disaster declaration. These briefings are ongoing, and the slides are posted along with notes under “COVID-19 Public Assistance Applicants Brief Presentation”. Eligibility guidelines for NFPs are posted on the DHSES Disaster Recovery webpage under “Request for Public Assistance (RPA)”. To receive funding, DHSES and FEMA must determine that the applicant, facility, work and associated costs are eligible for FEMA reimbursement. FEMA pays after all other sources of assistance have paid.

**What:** The FEMA PA Program provides funding to eligible applicants for certain costs incurred for response and recovery activities as a result of the declared emergency. Eligible work is limited to the FEMA Category B measures which may include virus testing, medical supplies and equipment, shelters or emergency care, provision of food, water, and other essential needs, security for temporary facilities and other activities. Overtime labor costs and hazard pay, emergency medical transport, related fringe benefits and certain administrative costs associated with the required work may also be reimbursed. For costs to be eligible, they must be incurred within the approved period of performance. For Category B projects, the approved period of performance for this disaster is Jan. 20 – Sept. 19, 2020 (subject to possible extension).

**Who:** Along with local governments, eligible applicants include critical private NFPs (e.g., nursing homes, clinics) and essential non-critical private NFPs (e.g., community centers, senior citizen centers).

**When:** While there is currently no deadline for the application, DHSES highly recommends that applicants submit their requests for PA as soon as possible, so they can be reviewed and forwarded to FEMA for their review and approval. FEMA is expected to process award applications on a rolling basis until they have exhausted available funding.

**Additional Information:** A new version of the FEMA Public Assistance Handbook was published June 1, 2020, and supersedes the 2018 version that FEMA and NYS DHSES have been relying during the pandemic thus far. It has been deemed retroactively in effect for all emergencies and major disasters declared between Aug. 23, 2017 and May 31, 2020 (including but not limited to the coronavirus pandemic) and will likewise be effective for all future emergencies and major disasters declared after June 1, 2020. The first step in applying is to create a FEMA Grants Portal Account. FEMA holds Grants Portal Training for applicants on an ongoing basis on account set up and requesting PA, and DHSES staff can assist with this as well. Strict eligibility guidelines apply, and providers should become familiar with those and seek assistance from DHSES in answering questions that they may have. Eligible costs must be directly related to new activities performed to protect public health and safety; increases in operating costs to perform the customary mission of the organization alone are insufficient. DHSES has posted a frequently asked questions document which includes several important clarifications, as well as a document entitled FEMA Public Assistance and COVID-19 Testing on its webpage. LeadingAge NY hosted a webinar by DHSES on July 23<sup>rd</sup>, FEMA Public Assistance for Long Term Care Providers: COVID-19, DR-4480, for which the slides are posted.

### **E. Paycheck Protection Program**

The Paycheck Protection Program (PPP), a forgivable loan program administered through the Small Business Administration (SBA), was enacted in the CARES Act and began accepting applications April 3<sup>rd</sup>. It is designed to provide a direct incentive for small businesses (generally 500 employees or fewer), including NFPs, to keep their workers on the payroll. Organizations work with their local lenders to borrow up to 250 percent of their average monthly payroll up to \$10 million. While PPP was temporarily suspended due to the depletion of funds, the

Paycheck Protection Program and Health Care Enhancement Act signed into law on April 24<sup>th</sup> allocated an additional \$310 billion to the program which again began accepting applications on April 27<sup>th</sup>. Since that time, demand has slowed considerably and there is approximately \$130 billion in funding authority available as of this writing. The deadline for applications **has been extended to Aug. 8, 2020**.

**What:** A forgivable loan program allowing small businesses to borrow up to 250 percent of their average monthly payroll costs (averaging payroll costs for each month in the year preceding the loan date). Loan payments will be deferred for six months and no collateral or personal guarantees are required. Neither the government nor lenders charge fees. Loan forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Updated information on loan forgiveness is posted on the [SBA's PPP loan forgiveness webpage](#). The unforgiven portion of loans issued prior to June 5, 2020 have a maturity of 2 years, while those issued after that date mature in 5 years. All loans have an interest rate of 1 percent.

**Who:** NFP organizations with fewer than 500 total workers (including part-time and occasional employees) are eligible to apply. For purposes of the 500-employee threshold, the SBA considers the total employment of the applicant in addition to the number of individuals employed by any affiliated individuals, entities or businesses. Providers should review and understand the [SBA's rules governing NFP affiliations](#) for this program and may want to seek professional legal guidance. The SBA applies four tests to determine whether a business has affiliated businesses/entities that must be considered when determining the total number of employees. Businesses and entities are affiliates of each other when one controls or has the power to control the other, or a third party/parties controls or has the power to control both. Affiliation based on ownership, management and identity of interest appear to be the three tests most relevant to LeadingAge NY members.

**When:** Lenders began processing loan applications in April 2020. **PPP applications can be filed until Aug. 8, 2020**. The speed of the loan process is influenced by the lending institution.

**Additional Information:** Eligible businesses can apply through any existing SBA 7(a) lender or through any participating federally insured depository institution, federally insured credit union or Farm Credit System institution. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. Consult with your [local lender](#) as to whether it is participating in the program.

- LeadingAge National has provided an [overview of the program](#) and a focused discussion on the [affiliation rules](#). An article on the [PPP Flexibility Act](#) explains how federal legislation enacted in June creates more flexibility for borrowers around qualifying for loan forgiveness and use of the funds.
- The SBA [PPP webpage](#) provides a wide range of information on the program, and the SBA and the Treasury Department routinely update their PPP [Frequently Asked Questions](#) document.
- If you wish to begin preparing your organization's application, you can download a copy of the most current [PPP borrower application form](#) to see what will be requested when you apply with a lender.
- FAQs for faith-based organizations participating in PPP or EIDL are available [here](#).
- The SBA and Department of the Treasury issued loan forgiveness guidance on May 22<sup>nd</sup>. The forgiveness application is posted on the [Treasury Department website](#).
- The ["EZ" version of the loan forgiveness application](#) and [accompanying instructions](#) were posted on June 16<sup>th</sup>, and it appears many LeadingAge NY members should be able to use the new EZ application.

#### **F. Federal Payroll Tax Deferral**

Section 2302 of the CARES Act allows employers and self-employed individuals to defer payment of the employer share of the Social Security tax they otherwise are responsible for paying to the federal

government for their employees. The deferred employment tax can be paid over the next two years—with half of the required amount to be paid by Dec. 31, 2021 and the other half by Dec. 31, 2022.

**What:** To enhance cash flow so that businesses can better maintain operations and payroll, the Internal Revenue Service is implementing a provision in the CARES act allowing deferral of payment and deposit of the employer's share of the 6.2 percent social security portion of Federal Insurance Contributions Act (FICA) and Railroad Retirement Tax Act (RRTA) taxes for deposits that are otherwise due to be made for the period March 27<sup>th</sup> through Dec. 31, 2020. Under this deferral, employers would have one year (i.e., by Dec. 31, 2020) to pay the first 50 percent of the liability and an additional year (i.e., by Dec. 31, 2022) for the remaining 50 percent of the liability. This initiative does not apply to the employee's share of Social Security tax or the employee or employer's share of Medicare taxes.

**Who:** All employers are eligible. However, if an employer receives a loan under the PPP (see Section E above), they may not defer the deposit and payment of the employer's share of social security tax due on or after the date that the PPP loan is forgiven.

**When:** No application or special election is required to take advantage of this relief. Internal Revenue Service (IRS) Form 941 "Employer's QUARTERLY Federal Tax Return" will be revised for the second calendar quarter of 2020. The IRS will soon provide information to instruct employers on how to reflect the deferred deposits and payments otherwise due on or after March 27, 2020 for the first quarter of 2020 (January – March 2020).

**Additional information:** [IRS Notice 20-22](#) and an [IRS FAQ](#) provide additional details. If an employer uses a third-party payroll agent to deposit employment taxes on its behalf and directs the agent to delay payments of the employer portion of Social Security tax as allowed by the Act, the employer retains responsibility to ensure that the deferred taxes are paid by the due dates. Therefore, any such employer should work with its payroll provider to implementing this program.

### **G. Paid Family and Sick Leave Refundable Tax Credits**

The *Families First Coronavirus Response Act* (FFCRA) became effective on April 1, 2020, and the U.S. Department of Labor (DOL) issued a temporary rule on two programs created by the Act. The *Emergency Paid Sick Leave Act* (EPSLA) entitles eligible employees to take up to two weeks of paid sick leave if the employee is unable to work due to specific COVID-19-related reasons. The *Emergency Family and Medical Leave Expansion Act* (EFMLEA) allows eligible employees to take up to 12 weeks of family and medical leave, 10 of which are paid, for COVID-19 reasons. These programs apply only to employers with less than 500 total employees and may not apply to certain employers with less than 50 employees or to certain health care providers, based on DOL guidance.

DOL's temporary rule broadly defines "health care provider" as anyone employed at any doctor's office, hospital, health care center, clinic, post-secondary educational institution offering health care instruction, medical school, local health department or agency, nursing facility, retirement facility or home health care provider. Employers of these health care providers may elect to exclude otherwise qualified employees from eligibility for EPSLA and EFMLEA.

**What:** To offset the cost associated with providing paid leave under these programs, the CARES Act provides a series of refundable tax credits to employers. The tax credits equal 100 percent of the qualified sick leave wages paid by such employer for each calendar quarter. The credits will be capped for leave wages paid under the EFMLEA at \$511 per day, or \$200 per day where the leave is to care for a family member or child, and under the EPSLA at \$200 per day for each individual up to \$10,000 in the aggregate. The IRS has provided guidance on how to determine and claim these credits.

**Who:** The FFCRA entitles eligible employers that pay qualified sick leave wages and qualified family leave wages to refundable tax credits. Tax-exempt NFP organizations that are required to provide such paid sick leave or expanded paid family and medical leave may claim the tax credits.

**When:** The leave provisions and opportunity period for tax credits will apply between April 1 and Dec. 31, 2020.

**Additional information:** This tax credit also includes the eligible employer's share of Medicare tax imposed on those wages and its allocable cost of maintaining health insurance coverage for the employee during the sick leave period (i.e., qualified health plan expenses). The eligible employer is not subject to the employer portion of Social Security tax imposed on those wages.

#### **H. Economic Injury Disaster Loans & Emergency Advance**

The Economic Injury Disaster Loan (EIDL) is an existing program administered by the SBA that has been expanded by the CARES Act. It allows small businesses (including NFPs) to apply for loans of up to \$2 million with \$10,000 being a quickly available, forgivable advance. The goal is to provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing as a result of the COVID-19 pandemic. It is similar to the PPP with a different focus; the PPP is aimed at assisting organizations to cover payroll for two months, while the EIDL covers wider operational expenses. In addition, the only forgivable amount under EIDL is the \$10,000 advance. While EIDL was temporarily suspended due to depletion of funds, the *Paycheck Protection Program and Health Care Enhancement Act* signed into law on April 24<sup>th</sup> allocated an additional \$60 billion to the program. **On June 15<sup>th</sup>, SBA resumed accepting new EIDL and EIDL Advance applications from qualified small businesses and U.S. agricultural businesses.**

**What:** An expansion of the EIDL program allows small businesses to apply for up to a \$2 million loan specifically for economic injury suffered due to the declared disaster with up to \$10,000 (i.e., \$1,000 per employee, up to \$10,000) being a forgivable advance. The loan and advance may be used for payroll, rents or mortgages, or other operational costs. The interest rate for NFPs is 2.75 percent and the maturities of the loans are determined for each provider but can be up to 30 years. Although loans can be for up to \$2 million under the law, SBA is reportedly limiting them to \$150,000.

**Who:** NFP organizations with fewer than 500 total workers (including part-time and occasional employees) are eligible to apply. For this purpose, the same affiliation rules appear to apply to this program as to the PPP (see Section E above).

**When:** The on-line loan application is accompanied by language suggesting that it takes two hours and ten minutes to complete. Applications for EIDL loans are being accepted now through Dec. 16, 2020. However, SBA announced on July 11<sup>th</sup> that [the entire \\$20 billion of EIDL advance funding has been exhausted](#). SBA had resumed accepting new EIDL and EIDL Advance applications from qualified small businesses and U.S. agricultural businesses as of June 15<sup>th</sup>.

**Additional information:** Applicants must complete a loan application form, a form requesting an IRS tax return transcript, a schedule of liabilities form and recent tax returns. For reference and to help prepare members considering a loan application, links to PDFs of needed forms are provided in a [LeadingAge National article](#).

- The SBA has provided an [overview of EIDL](#) and LeadingAge National an [article on the affiliation rules](#).
- The [application](#) and [FAQs](#) are posted on the SBA website.
- FAQs for faith-based organizations participating in PPP or EIDL are available [here](#).



### **I. Aid for Existing SBA Borrowers**

In addition to the programs above, the SBA is providing debt relief opportunities for borrowers. Information on SBA Express Bridge Loans for businesses that already have a relationship with an SBA lender is available [here](#). SBA is also offering [Debt Relief](#) for principal, interest, and fees of certain 7(a), 504, and microloans.

**What:** The Express Bridge Loan Program allows small businesses that currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly. These loans assist small businesses to overcome the temporary loss of revenue they are experiencing and can be term loans or used to bridge the gap while applying for a direct SBA EIDL (see previous section). As part of their debt relief efforts, the SBA will automatically pay the principal, interest, and fees of current 7(a), 504, and microloans for six months, as well as the principal, interest, and fees of any new loans of these types issued before Sept. 27, 2020.

**Who:** Existing and SBA qualified borrowers can take advantage of these opportunities.

**When:** The Express Bridge Loan program is accessible through existing SBA express lenders, with details provided in the [SBA Program Guide](#). The debt relief measures are supposed to occur automatically. [Contact the SBA](#) with any questions on automatic deferrals or the status of your organization's loan.

### **J. Aid for Existing FHA-Insured Borrowers**

While HUD instituted a formal loan forbearance program for insured multifamily mortgage loans in April (see COVID-19 HUD FINANCIAL ASSISTANCE OPPORTUNITIES section below) under the CARES Act, the ACT does not appear to include a similar forbearance option for healthcare mortgage loans. However, the Federal Housing Administration's (FHA's) Office of Healthcare Programs issued [Questions and Answers for External Stakeholders](#) which provides eligible borrowers with increased payment flexibility under the Section 232 and Section 242 mortgage insurance programs.

**What:** Even though HUD does not have statutory authority under the CARES Act to provide forbearance to all FHA-insured mortgagors, the FHA Lender and borrower can mutually agree to a forbearance, and request HUD's approval of the same. The Office of Residential Care Facilities (ORCF) will work with lenders on an expedited basis on these requests, and ORCF will facilitate various means for the borrower to avoid default including:

- Suspending monthly deposits into the replacement reserve through July 31, 2020, or longer if the authority to grant this benefit is extended. At the conclusion of the suspension period, the sum of such suspended payments must be paid into the reserves for replacement in equal monthly increments over the next 12 consecutive months;
- Using operating deficit escrow funds to make debt-service payments, subject to repayment provisions if any are included in the escrow agreement;
- Using debt-service reserves to meet debt-service payments, subject to repayment provisions, if any, contained in the escrow agreement;
- Using replacement reserves to meet debt-service payments required, so long as the reserve for replacement reserve account does not fall below \$1,000 per unit.

**Who:** Existing FHA Section 232 borrowers (e.g., nursing homes and assisted living facilities) can take advantage of these payment flexibilities.

**When:** These payment flexibilities are currently available through June 30, 2020 (LeadingAge NY is seeking clarity from HUD on potential extension of these measures). Lenders are authorized to approve the above flexibilities for Section 232 insured facilities impacted by COVID-19, without the need for HUD review or approval, provided HUD has not notified the Lender that the subject property is with ORCF's Risk Mitigation Branch. If the Lender has been notified that the project is with the Risk Mitigation Branch, then HUD approval is required.

#### **K. Main Street Lending Program**

Provisions in the CARES Act include measures to provide assistance to eligible businesses, states and municipalities that incurred losses as a result of the pandemic. The Main Street Lending Program is aimed at small- and mid-sized businesses and will provide loans with deferred payments.

**What:** According to the [Federal Reserve System](#), the Main Street Lending Program enhances support for small and mid-sized businesses that were in good financial standing before the crisis by offering various types of 5-year loans. Principal and interest payments will be deferred for two years. Eligible banks may originate new Main Street loans or use the program to increase the size of existing loans.

**Who:** For-profit and NFP companies employing up to 15,000 workers or with revenues of less than \$5 billion are eligible to participate in this program. The Fed announced in mid-July that it had finalized two lending programs for NFP organizations, the [Nonprofit Organization New Loan Facility \(NONLF\)](#) and the [Nonprofit Organization Expanded Loan Facility \(NOELF\)](#). The NONLF allows loans of between \$250,000 and the lesser of (i) \$35 million or (ii) the borrower's average 2019 quarterly revenue. The NOELF would be appropriate for larger borrowers. Proposed underwriting criteria for both programs are fairly restrictive, with NFP borrowers needing to meet several criteria including: (1) 2019 operating margin of 2% or more; (2) current days cash on hand of 60 days; and (3) ratio of liquid assets to debt of greater than 55%. Borrowers utilizing the PPP (See Section E above) may use the Main Street Lending Program, if they meet the eligibility requirements for both.

**When:** The Main Street Lending Program options for for-profit businesses are fully operational. The NONLF and NOELF are not yet operational, but the Federal Reserve is currently working to create the infrastructure necessary to initiate these lending programs. All Main Street lending programs are available through at least Dec. 31, 2020.

**Additional information:** The [Federal Reserve System webpage](#) and the [Federal Reserve Bank of Boston's Information for Nonprofit Borrowers webpage](#) provide updated information on the program including term sheets and forms/agreements for the lending options, an updated FAQ document and a [recorded webinar](#) on the program. A borrower must attest, among other things, that it needs financing due to the pandemic, and that it will make reasonable efforts to use the loan to maintain its payroll and retain its employees during the term of the loan. In addition to 5-year maturities and two-year deferral of principal and interest payments, these loans will have an adjustable rate of the London Interbank Offered Rate (LIBOR) plus 300 basis points, with no prepayment penalties. The current LIBOR 1-month and 3-month rates result in an overall interest rate of less than 3.5 percent.

#### **L. New York Forward Loan Fund**

The New York Forward Loan Fund (NYFLF) is a new economic recovery loan program aimed at supporting New York State NFPs, small businesses and small landlords as they reopen after the COVID-19 outbreak and NYS on PAUSE. NYFLF is administered by [Empire State Development](#). There is initial program funding of over \$100 million, with 5 percent reserved for NFPs, 30 percent for small landlords and 65 percent for small businesses.

**What:** NYFLF provides working capital loans of up to \$100,000 to small businesses, NFPs and small landlords as they reopen. The loans are not forgivable in part or whole and must be repaid over a 5-year term with the interest rate fixed at 3 percent. These loans are aimed at supporting businesses and organizations as they proceed to reopen and have upfront expenses to comply with guidelines (e.g., inventory, marketing, refitting for new social distancing guidelines) under the New York Forward Plan.

**Who:** To be eligible, NFPs must be organized as 501(c)(3) entities; employ 20 or fewer FTE employees; provide direct services to New Yorkers (e.g., day care services, senior services, etc.); have an annual operating budget of less than \$3 million; have not received either a PPP or EIDL loan from the SBA; have suffered a direct economic hardship as a result of COVID-19 related social distancing policies and stay-at-home orders that materially impacted their operations; been in operation for at least 1 year; and be located in New York State. Qualifying landlords must own no more than 200 units with no more than 50 units at any single property, and the housing must either be located in a low or moderate income census tract or meet a rent test where property rents are affordable to tenants of low and moderate income.

**When:** Pre-applications for the NYFLF are now open. Priority will be given to industries and regions that have been reopened. NYFLF is not a first-come, first-served loan program. Applications will be reviewed on a rolling basis as regions and industries reopen.

**Additional information:** Empire State Development has posted a [presentation](#) and [frequently asked questions](#) on the program. Five Community Development Financial Institutions (CDFIs) will be processing pre-applications, and four organizations are offering [assistance](#) to potential applicants. To fill out a pre-application and match with a participating CDFI lender, visit [nyloanfund.com](http://nyloanfund.com).

### ***M. Local Private Sector Programs***

Financial assistance and grants for NFP organizations impacted by COVID-19 may be also available from private organizations and charities. For example, the [New York Community Trust](#) is providing grants and loans to NYC-based NFPs that are trying to meet the new and urgent needs that are hitting the city. Priority is given to NFPs addressing essential health care and food insecurity as well as arts and culture.

The NYS Health Foundation provides summary [Guidance/Assistance for Nonprofits and Community Based Organizations](#), which includes a listing of current local grant opportunities. [According to the Community Foundation Public Awareness Initiative](#), over 300 U.S. community foundations in all 50 states, plus the District of Columbia, have created relief funds to support those affected by COVID-19, including 19 foundations in New York State. NYNMedia published an article on March 19<sup>th</sup>, [Who's funding New York nonprofits stretched by the coronavirus?](#), which identifies a number of groups deploying money to organizations helping New Yorkers through the health crisis.

NFPs may want to make sure that they are aware of potentially available local funding opportunities and charitable organizations in their communities. LeadingAge NY will add more resources under this category as additional opportunities are identified.

## COVID-19 HUD FINANCIAL ASSISTANCE OPPORTUNITIES (Version 08.04.20)

Quick Reference Guide				
Program Name	Type	Eligibility	Process	Comments
<b><u>Moratorium on FHA Foreclosures and Evictions and Extension Deadlines</u></b>	Foreclosure/ Eviction Relief	FHA-insured Single Family Mortgages	Recommended to contact loan servicer	HUD officials have made it very clear that they expect Congress to protect HUD-assisted households
<b><u>Mitigation of Financial Impacts of COVID-19 in HUD Housing</u></b>	Funding Flexibility	HUD housing with reserve or residual receipt funds	Pay for costs with reserve or residual receipt funds as necessary and permitted	Operating expenses can be used to cover reasonable and necessary costs, including supplies and extra staff hours
<b><u>CARES Act Housing Relief</u></b>	Rent/Mortgage Relief	HUD housing	Varies: automatically in effect for some, NOFA for others, contact federal office as needed; for PBRA, owners will be notified through TRACS/ARAMS stating that funds have been obligated on Housing Assistant Payment contracts – owners do not need to take any special actions to access these funds.	The CARES Act provides a wide array of relief both for housing providers and renters, and provides this relief in multiple ways; \$800 million of the \$1 billion approved for PBRA was spent during the week of June 1 <sup>st</sup> to prevent, prepare for, and respond to COVID-19 through regular operations. A notice describing the allocation of the remaining CARES Act Housing Relief was released on July 23, 2020.
<b><u>CARES Act: FHA Approved Multifamily Mortgage Forbearance</u></b>	Mortgage Forbearance	FHA Approved Multifamily Mortgages	Submit an oral or written request to loan servicer	Other options are available in addition to forbearance. Program includes renter protections during forbearance

### **A. Moratorium on FHA Evictions and Foreclosures and Extension Deadlines**

Evictions and foreclosures on properties secured by Federal Housing Authority (FHA)-insured Single Family mortgages are suspended for 60 days as announced by the HUD on March 18<sup>th</sup>. The moratorium applies to the initiation of foreclosures and to the completion of foreclosures in process. In addition, deadlines of the first legal action and reasonable diligence timelines are extended by 60 days.

### **B. Mitigation of Financial Impacts of COVID-19 in HUD Housing**

In its COVID-19 FAQ for multifamily operators, HUD made clear that operating expenses can be used to cover reasonable and necessary costs, including supplies, cleaning services, and extra overtime hours for staff. Any costs that are related directly to safety or the procurement of preventative equipment are eligible costs for reserve or residual receipts funds as they are considered “project expenses.” Providers may also request to use reserves for non-eligible (non-capital) purposes such as debt servicing – this would need to be approved by the HUD field office which may need to see evidence of financial constraints and/or mortgage delinquencies. Reviews of such requests will be expedited.

### **C. CARES Act Housing Relief**

The CARES Act includes funding for Project-Based Rental Assistance, Section 202, and Section 811 and will primarily be used to replace reduced tenant income that resulted from COVID-19. This funding will be triggered as tenants complete recertifications that demonstrate lower levels of income. The CARES

Act also includes funding for Service Coordinators, but this will be subject to a Notice of Funding Availability (NOFA), and will therefore be a longer, more complicated process.

A 120-day moratorium on evictions for nonpayment of rent in federal housing began on March 27<sup>th</sup>. This also includes a moratorium on the collection of late fees but does not include a moratorium for lease violations other than nonpayment of rent. Evictions will still be possible after the moratorium and tenants will be responsible for the 120 days of accrued rent.

Immediate Assistance for Rural Development Tenant Vouchers:

- If an individual has lost their job and is not using their maximum voucher amount, they may be able to have their voucher increased to the maximum amount. They should contact the Rural Development Voucher Program Office at (844) 857-5386 within the next 120 days.
- Until July 25<sup>th</sup>, a resident cannot be evicted from his/her apartment for nonpayment of rent and no fees or penalties may accrue against the tenant for nonpayment of rent.

**COVID-19 Supplemental Payments:** On July 23<sup>rd</sup>, HUD published guidance for accessing [COVID-19 Supplemental Payments](#) (CSP) for Project-Based Section 8, Section 202, and Section 811 communities. These one-time supplemental payments under the CARES Act are intended to help offset expenses for COVID-19 preparedness and response.

The Notice provides a method for owners to request payments at two tiers. The first tier is a standard base amount per property, including extra funds for senior housing and budget-based service coordinators. The second tier allows owners to request additional funding for “exceptional” COVID-19 costs. If an owner applies for tier two reimbursement but their request is not approved, they will automatically be considered for tier one funding.

The supplemental payments can cover additional cleaning and disinfecting, additional staff, PPE for staff and residents, and other expenses to help keep properties safe. “Hazard” pay will not be eligible for reimbursement. Additionally, these funds are not intended to be used to pay for either resident or staff COVID-19 testing.

The Housing Notice allows owners to submit payment requests for expenses incurred between March 27 and July 31, 2020. HUD has developed a CSP Request form ([HUD Form 52671-E](#)) for owners to use, and requests are due by August 5, 2020.

#### **D. CARES Act: FHA Approved Multifamily Mortgage Forbearance**

HUD has implemented a [forbearance protocol](#), laid out in Mortgagee Letter 2020-09, to provide multifamily borrowers with debt service relief if they are facing cash flow challenges due to COVID-19. The protocol is aimed at reducing paperwork and streamlining processing for multifamily borrowers, services, and lenders in line with the CARES Act. These guidelines went into effect on March 27, 2020 and will continue until the earlier of the end of the declared national emergency or Dec. 31, 2020.

Under the forbearance protocol, HUD recommends that borrowers seeking financial relief consider other measures to address cash flow challenges attributable to COVID-19 prior to seeking forbearance relief. In this regard, HUD indicates that they will review and quickly approve requests for suspension of Reserve for Replacement deposits, releases from the Reserve for Replacement or Residual Receipts account, or other measures to help borrowers make debt service and tax and insurance payments. Lenders are encouraged to work with borrowers on such measures.

Under the forbearance protocol, a multifamily borrower with an FHA insured mortgage loan that was current on its payments as of Feb. 1, 2020, may submit a verbal or written request for forbearance to the loan servicer affirming that the borrower is experiencing a financial hardship during the COVID-19 emergency. Upon receipt of the request, the loan servicer will document the financial hardship and provide forbearance on debt service payments for up to 30 days. Forbearance may be extended for up to 2 additional 30-day periods upon request by the borrower so long as the extension request is made during the covered period, and at least 15 days before the end of the forbearance period in effect at that time. The borrower has the option to discontinue the forbearance at any time.

A multifamily borrower that receives a forbearance may not, for the duration of the forbearance:

- Evict or initiate the eviction of a tenant from a dwelling unit located in or on the applicable property solely for nonpayment of rent or other fees or charges;
- Charge any late fees, penalties, or other charges to a tenant as described above for late payment of rent;
- Require tenants to vacate a dwelling unit located in or on the applicable property before the date that is 30 days after the date on which the borrower provides the tenant with a notice to vacate; or
- Issue a notice to vacate solely for nonpayment of rent or other fees or charges until after the expiration of the forbearance.