

# Applying for Loans through the CARES Act

## What your ministry needs to know

### Loan Types Available

There are two types of loans available in response to the COVID-19 pandemic, **Payroll Protection Program** (PPP) loans and **Economic Injury Disaster Loans** (EIDL). We shared information about PPP loans, which are a Small Business Administration loan, in an earlier email and on our microsite with additional information below. EIDL loans are SBA disaster loans.

EIDL loans are already available and the application can be accessed [here](#). EIDL loans are generally not forgivable, but businesses can get an advance of up to \$10,000 within three days of applying. If the business is ultimately denied for a further EIDL loan, the initial (up to) \$10,000 amount will be treated as a grant and is forgivable.

### Preparing to Apply for a PPP Loan

On Wednesday, March 31, the link to apply for a loan through the CARES Act's **Paycheck Protection Program** (PPP) was released. You can access the application and additional information for borrowers [here](#).

Initially there was not clear guidance about the eligibility of nonprofit organizations to apply for PPP loans, but since that time we have confirmed that nonprofits are in fact eligible. We have posted a [joint congressional letter](#) that expresses this intent on our website. Ministries should access this letter for inclusion with your loan application.

Applications will be accepted starting Friday, April 3, but you can act today to put your ministry in a better place to apply for and possibly receive a loan.

**Contact your bank** to find out if it is an approved SBA lender, and if so, how you can reserve a place "in line" for applications. If your bank is not an approved SBA lender you can find one [here](#). *We don't want our ministries to get left behind!*

**Start collecting the information** you will need to fill out the application:

- Documentation of average monthly payroll and average monthly full-time equivalents for 2019
  - > W-2s and quarterly 941 reports are a good source for this information
  - > Note that there is a maximum salary of \$100,000 per employee written into the Act, so cap all salaries over that amount at \$100,000 for these purposes
- Documentation of benefits costs, including the CHP, CRP and any CRSP 403(b) employer match, as these count toward total compensation
  - > Note that there is a maximum salary of \$100,000 per employee written into the Act, so deduct any CRSP match amount or CRP contribution amount associated with a salary amount over \$100,000
- Amounts claimed as housing allowance (We do not yet know if this will be part of the calculation, but it would be helpful to have it on hand)
- The monthly rent (or mortgage interest) over the last 12 months
- The amount spent on utilities over the last 12 months
- The interest on mortgage and any other debt obligations that were incurred before 2/15/2020
- The tax ID# and full legal name of each entity
- Documentation on any other COVID-19 relief programs you are applying for (see below)
- Employee count (you may want to use total W-2s from 2019)

The key to giving your ministry the best chance to obtain a loan is to be organized and ready when applications are open. **Please contact your tax advisor or attorney with any ministry-specific questions.**

## Pairing PPP Loans With Other CARES Provisions

If your ministry chooses to apply for a loan through the PPP, there are some restrictions on the ministry's ability to take advantage of other provisions of the CARES Act.

### Payroll Protection Plan Loan through SBA

- If the PPP loan is forgiven the business is not eligible to defer the employer share of Social Security tax during the "payroll tax deferral period" of March 27, 2020 through December 31, 2020.
- The business may still apply for other SBA assistance including Economic Impact Disaster Loans, however the loans cannot be used for the same purpose.
  - > Example: If a business uses a PPP loan to cover payroll for the 8-week covered period, the business cannot use a different SBA loan to make payroll for that same period (although the business could use it for a different period).
- The business cannot receive an Employee Retention Credit for employers subject to closure due to COVID-19.

### Payroll Tax Deferment

- The deferment allows businesses to postpone paying the employer portion of Social Security payroll taxes that would otherwise be required to be paid from date of enactment of bill through December 31, 2020.
- If the business is receiving loan **forgiveness** under PPP or other Treasury program it is not eligible for Payroll Tax Deferment.

### Employee Retention Credit for Employers Subject to Closure due to COVID-19

- The credit gives employers a refundable credit against applicable employment taxes of up to \$5,000 per employee in 2020.
- A business cannot receive this credit if the employer has received a PPP loan.

For more information on any of the provisions of the CARES Act visit our [web site](#).