Note: This document briefly summarizes provisions in the Coronavirus Aid, Relief, and Economic Security Act ("the CARES Act") that could possibly be of interest to church plans, ministries and plan members. This summary reflects those CARES Act provisions as they are currently understood on March 31, 2020, without any agency guidance. As guidance is issued that may be applicable, we plan to provide information to you on that guidance or to refer you to that guidance, but may not be able to update the summary with that information. This summary is for general information only. It is not a complete analysis and should not be relied upon as legal advice.

Economic Stabilization Loans

Quick Summary (read below for details)

- A separate loan program is available to mid-sized businesses and nonprofits with between 500 and 10,000 employees
- There is no loan forgiveness program, but interest rates are capped at 2%
- Guidance on applying for one of these loans has not yet been issued (as of 3/30/20)

The CARES Act created a loan and loan guarantee program aimed at economic stabilization. This program will provide loans to the airlines and other named industries, but also specifies that the Treasury Department will seek to implement a program through the Federal Reserve that provides financing to banks and other lenders to make direct loans to nonprofit organizations "to the extent practicable."

The loans under this Federal Reserve program will be available to mid-sized businesses and nonprofit organizations with between 500 and 10,000 employees. Although there is no loan forgiveness, the interest rate on these loans can be no higher than two percent and the loan would not accrue interest or require payments for at least the first six months.

These loans will be subject to certain loan criteria and obligations, including:

- The funds received must be used to retain at least 90 percent of the recipient's workforce, with full compensation and benefits, through September 30, 2020;
- The recipient will not abrogate (i.e. "break") existing collective bargaining agreements for the term of the loan plus an additional two years; and
- The recipient must remain neutral in any union organizing effort for the term of the loan.