



Paycheck Protection Program

Summary of SBA Guidance

The Small Business Administration has issued guidance regarding the Paycheck Protection Program loan program that was created through the CARES Act. Following are key elements of the guidance. You can read the full guidance [here](#).

1. Are religious nonprofit organizations eligible to apply for a loan through the PPP program?

Yes, tax-exempt nonprofit organizations that have 501 (c)(3) status are eligible to apply for loans.

2. If our organization receives a PPP loan could we be federally obligated to take actions that conflict with our religious beliefs?

No, the guidance states that these loans will be made consistent with constitutional, statutory and regulatory protections for religious liberty.

3. What is the maximum loan amount for which our ministry can apply?

The maximum is the lesser of \$10 million or an amount calculated using a payroll-based formula. To calculate the amount:

- a. Determine your total payroll costs for the last twelve months
- b. Subtract any compensation paid to an employee in excess of \$100,000
- c. Calculate average monthly payroll costs (divide the previous number by 12)
- d. Multiply the average monthly payroll cost by 2.5

4. What qualifies as payroll costs?

Payroll costs consist of:

- a. Compensation to employees in the form of salary, wages and/or commissions
- b. Payment for vacation, parental, family, medical or sick leave
- c. Allowance for separation or dismissal
- d. Payment for employee benefits including group health coverage (including insurance premiums) and retirement
- e. Payment of state and local taxes assessed as compensation of employees

5. What is excluded from the definition of payroll costs?

- a. Compensation of an employee whose principal residence is outside the United States
- b. Compensation of an individual employee in excess of \$100,000, prorated as necessary
- c. Federal employment taxes imposed or withheld between February 15, 2020 and June 30, 2020, including the employer's and employee's share of FICA and income taxes withheld from employees
- d. Qualified sick and family leave wages for which a credit is allowed under the Families First Coronavirus Response Act

6. What are the terms of a PPP loan?

Loans obtained under the PPP have an interest rate of one percent and mature at five years.

7. Can I apply for more than one PPP loan?

No, no eligible borrower may receive more than one loan.

8. When will I have to begin paying principal and interest on my PPP loan?

If a borrower fails to apply for loan forgiveness within 10 months after the last day of the covered period (24 weeks/December 31, 2020), the recipient must make payment of principal, interest and fees beginning at the onset of that 10-month mark.

9. Can my PPP loan be forgiven?

Yes, the amount of loan forgiveness can be up to the full principal amount and any accrued interest. The borrower will not be responsible for any loan payment if the borrower uses all of the loan proceeds **for forgivable purposes** and employee and compensation levels are maintained.

10. What are forgivable purposes for the use and ultimate forgiveness of the loan?

Payroll costs must account for 60 percent of the expense of total loan proceeds. The remaining 40 percent can be used for mortgage interest payments, rent payments, and certain utility payments.