

NOTE: This is a preliminary understanding. Details have not been confirmed, especially regarding church eligibility.

The CARES Act 2020 was recently signed into law by the President. Based upon the information derived from several webinars, below is a summary of how the Act can benefit your church. I encourage you to prepare for the loan application process ASAP as the funds are available on a first come first serve basis. The SBA will be finalizing the details over the weekend and possibly over the next week. Please visit the websites below to obtain further information on the CARES Act.

CARES Act 2020 (Payment Protection Program) in a Nutshell:

- 1) The CARES Act has allocated \$349B to the Paycheck Protection Program.
- 2) The loans will be available to all 501(c)(3)'s on a first come first serve basis through your local bank if they are an SBA approved lender.
- 3) Loans are based on 2.5 times average monthly payroll costs from 03/01/2019 – 02/29/2020.
- 4) Forgiveness of loan amount will be based on the percentage of 02/15/2020 – 06/30/2020 FTE employees over 02/15/2019 – 06/30/2019.
- 5) There will be no payments for the loan in 2020.
- 6) Unforgiven loan amount will be paid over 10 years beginning in 2021.
- 7) Interest rate is < 4%
- 8) No collateral or personal guarantees will be required.
- 9) No fees will be charged.
- 10) Good faith certification required to certify that funds were used for payroll, mortgage, lease and utility payments.

Additional Benefits to Churches

- 1) Expanded 2020 standard deduction for charitable contribution
- 2) Business deduction for charitable contributions limits increased from 10% to 25%.
- 3) Expanded unemployment benefits.

How to prepare for the loan application and loan forgiveness:

1. Create spreadsheet of payroll costs from 03/2019 – 02/2020. Include 1099 contract employees.
2. Get in touch with you banker IMMEDIATELY and specifically the SBA loan administrator for application details.
3. Calculate FTE's 02/15/2019 – 06/30/2019 and 02/15/2020 – 06/30/2019.
(At June 30th– To determine loan forgiveness amount.)

Websites with CARES Act 2020 information:

[Churches and the CARES Act: Helping Congregations and Employees Weather the Cash Crunch](#)

<https://www.churchcovid19.com> – You will be directed to the Vanderbloemen website. Listen to the webinars (The Senate Bill's Effect on Churches and Nonprofits) from 03/25/2020, 03/26/2020 and 03/27/2020. Presentation slides are also available to be downloaded.

<https://www.sba.gov> – I do not see any updates about the application process yet. Keep checking over the weekend.

<https://covid19.arcchurches.com/> - Click "Latest Resources" and "Media" to access webinar titled "Understanding the Stimulus Bill and Churches."

<http://www.capincrouse.com>