



Overview of the SBA PPP Loan Program

PPP Loan Application Process for Faith-Based Entities

July 2020





Agenda

- Presenters
- Assistance Overview
- SBA & PPP Overview
- Non-Profit Eligibility
- PPP Borrower Application Form 2483
- Borrowers With & Without Employee Situations
- Examples
 - Organization Has W-2 Employees
 - Self-Employed with No Employees & Independent Contractors
- Banks who will help with Applications & Locations
- PPP Loan Forgiveness
- PPP Forgiveness FAQs
- Economic Injury Disaster Loan (EIDL)





Assistance Overview

Our Mission today

To assist your Church or Pastor access eligible PPP funding, including:

- Organizations with W-2 employees
- Pastors who receive 1099's from their Church and qualify for PPP funding as Contractors
- Compensation must have been reported to the IRS to be eligible for PPP

Overview of our presentation today:

- Provide an overview of the PPP process for obtaining a loan and obtaining forgiveness for that loan
- Connect you with Banks who are interested in helping you obtain PPP loans
- Provide sources to help you complete the required documentation



Paycheck Protection Program Overview

SBA Mission Statement:

The U.S. Small Business Administration helps Americans start, build, and grow businesses. The SBA was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation.

The SBA typically does not lend money directly to small business owners, rather they work with lenders, community development organizations and micro-lending institutions to provide loans. The SBA reduces risk to the lender and makes it easier for them to access capital so that small businesses can get loans more easily.

Paycheck Protection Program Overview: <https://www.sba.gov/document?program=PPP>

- A new SBA funding program as a result of COVID-19 pandemic (CARES Act)
- The Program Appropriation is \$659 Billion to be disbursed by lending institutions
- The SBAs intent is to provide monies to small businesses and non-profits to retain employees and continue operations. Churches are eligible participants. Individuals who qualify as contractors are also eligible.
- The application process and eligibility requirements are streamlined to ensure funds are disbursed quickly



Non-Profit Eligibility

SBA has not historically guaranteed loans to non-profits and religious organizations. However, the Paycheck Protection Program was expanded to include these organizations.

A non-profit organization is generally eligible for a PPP loan if they meet the following requirements:

- Operating prior to February 15, 2020
- Is a registered 501(c)(3) non-profit organization, a 501(c)(19) veterans organization or a Tribal business concern
- Has less than 500 full and/or part-time employees or meets the SBA industry size standard if more than 500 employees
- Provides a good-faith certification that the loan is necessary to support business operations due to effects of the COVID-19 pandemic.



Paycheck Protection Program Overview

PPP – the journey:

- Determine eligibility to receive PPP funds
 - Independent Contractor or eligible non-profits that employ less than 500 employees
 - Economic uncertainties make loan request necessary to support ongoing operations of applicant
 - Funds are used to retain workers or make mortgage interest, lease payments or utility payments
- Identify lender and lenders requirements
- Open account to receive PPP funds
- Complete PPP application (last date SBA will approve applications is August 8 – so application to lender ASAP)
 - Complete certification as part of application
 - Lender will review, approve and submit approved application to SBA
 - SBA will review and provide lender PPP authorization number
 - Lender will provide loan documents to you, documents will be executed (signed), PPP funds will be disbursed
- Utilize funds for authorized purposes only
- Retain records to evidence use of funds for authorized purposes
 - Payroll records showing disbursement of payroll. Have between 8 to 24 weeks to spend proceeds for eligible purposes
- Apply for Forgiveness after proceeds have been spent for eligible purposes
- Receive forgiveness for funds spent for eligible purposes (subject to limitations related to not retaining workers)



PPP Loan Application – Who will help you

Church's located in:

- West Michigan – Huntington Bank
- Marion County, Indiana (Indianapolis) and Wayne County, Michigan (Detroit) – First Merchants Bank
- Eastern Mass and Rhode Island
- Elsewhere - Diversity Capital





PPP Borrower Application Form 2483: [Link to form](#) → [SBA 2483](#)

This form is to be completed by the authorized representative of the Applicant and **submitted to your SBA Participating Lender**. Submission of the requested information is required to make a determination regarding eligibility for financial assistance. Failure to submit the information would affect that determination.

Paycheck Protection Program Borrower Application Form Revised June 24, 2020
OMB Control No. 3241-0067 Expiration Date: 10/31/2020

Check One: Sole proprietor Partnership C-Corp S-Corp LLC Independent contractor Eligible self-employed individual 501(c)(3) nonprofit 501(c)(19) veterans organization Tribal business (sec. 31(b)(2)(C) of Small Business Act) Other

DBA or Tradename if Applicable

Business Legal Name

Business Address **Business TIN (EIN, SSN)** **Business Phone**

Primary Contact **Email Address**

Average Monthly Payroll: \$ x 2.5 + EIDL, Net of Advance (if Applicable) Equals Loan Request: \$ **Number of Employees:**

Purpose of the loan (select more than one): Payroll Lease / Mortgage Interest Utilities Other (explain):

Applicant Ownership

List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN, SSN)	Address

If questions (1) or (2) below are answered "Yes," the loan will not be approved.

Question	Yes	No
1. Is the Applicant or any owner of the Applicant presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?	<input type="checkbox"/>	<input type="checkbox"/>
2. Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government?	<input type="checkbox"/>	<input type="checkbox"/>
3. Is the Applicant or any owner of the Applicant an owner of any other business, or have common management with any other business? If yes, list all such businesses and describe the relationship on a separate sheet identified as addendum A.	<input type="checkbox"/>	<input type="checkbox"/>
4. Has the Applicant received an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.	<input type="checkbox"/>	<input type="checkbox"/>

If questions (3) or (4) are answered "Yes," the loan will not be approved.

Question	Yes	No
5. Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant presently incarcerated or, for any felony, presently subject to an indictment, criminal information, arraignment, or other process by which formal criminal charges are brought in any jurisdiction? Initial here to confirm your response to question 5:--	<input type="checkbox"/>	<input type="checkbox"/>
6. Within the last 5 years, for any felony involving fraud, bribery, subornation, or a false statement in a loan application or an application for federal financial assistance, or within the last year, for any other felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted, 2) pleaded guilty, 3) pleaded nolo contendere, or 4) commenced any form of parole or probation (including probation before judgment)? Initial here to confirm your response to question 6:--	<input type="checkbox"/>	<input type="checkbox"/>
7. Is the United States the principal place of residence for all employees of the Applicant included in the Applicant's payroll calculation above?	<input type="checkbox"/>	<input type="checkbox"/>
8. Is the Applicant a franchise that is listed in the SBA's Franchise Directory?	<input type="checkbox"/>	<input type="checkbox"/>

SBA Form 2483 (06/20) 1

Check One: Sole proprietor Partnership C-Corp S-Corp LLC Independent contractor Eligible self-employed individual 501(c)(3) nonprofit 501(c)(19) veterans organization Tribal business (sec. 31(b)(2)(C) of Small Business Act) Other

DBA or Tradename if Applicable

Business Legal Name

Business Address **Business TIN (EIN, SSN)** **Business Phone**

Primary Contact **Email Address**

Average Monthly Payroll: \$ x 2.5 + EIDL, Net of Advance (if Applicable) Equals Loan Request: \$ **Number of Employees:**

Purpose of the loan (select more than one): Payroll Lease / Mortgage Interest Utilities Other (explain):

Applicant Ownership

List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN, SSN)	Address



Borrowers With & Without Employee Situations

The approach to PPP loan funding differs based on the employee situation of the borrower.

- An organization with W-2 employees determines the amount of the PPP loan based on average monthly payroll costs of the employees.
- An organization with no W-2 employees and which pays its people as independent contractors cannot obtain a PPP loan directly but the people can obtain PPP loans directly as independent contractors.
- An independent contractor, or an organization which operates as a sole proprietorship and has no W-2 employees, determines its PPP loan amount based on Schedule C of the person's 2019 Federal Tax Return.



PPP Loan Application – Organization Has W-2 Employees Calculating the Maximum Loan Amount continued

Step 1

- Compute 2019 payroll costs by adding the following:
 - 2019 gross wages and tips paid to your employees whose principal place of residence is in the United States, which can be computed using 2019 IRS Form 941 Taxable Medicare wages & tips (line 5c-column 1) from each quarter plus any pre-tax employee contributions for health insurance or other fringe benefits excluded from Taxable Medicare wages & tips,
 - subtracting any amounts paid to any individual employee in excess of \$100,000 and any amounts paid to any employee whose principal place of residence is outside the U.S;
 - 2019 employer health insurance contributions;
 - 2019 employer retirement contributions and
 - 2019 employer state and local taxes assessed on employee compensation, primarily state unemployment insurance tax (from state quarterly wage reporting forms).



PPP Loan Application – Organization Has W-2 Employees Calculating the Maximum Loan Amount continued

Step 2

- Calculate the average monthly payroll costs (divide the amount from Step 1 by 12).

Step 3

- Multiply the average monthly payroll costs from Step 2 by 2.5.

Step 4

- Add any outstanding amount of any EIDL made between January 31, 2020 and April 3, 2020 and that was used to pay payroll costs. The amount should exclude the amount of any EIDL “advance” because the EIDL advance does not need to be repaid.



PPP Loan Application – Organization Has Employees Calculating the Maximum Loan Amount continued

Supporting Payroll Documentation

- The entity's 2019 IRS Form 941 and state quarterly wage unemployment insurance tax reporting form from each quarter (or equivalent payroll processor records or IRS Wage and Tax Statements), along with documentation of any retirement and health insurance contributions, must be provided to substantiate the applied-for PPP loan amount.
- A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish you were in operation and had employees on that date.



PPP Loan Application – Self-Employed with No Employees & Independent Contractors Calculating the Maximum Loan Amount

Step 1

- Find your 2019 IRS Form 1040 Schedule C line 31 net profit amount (if you have not yet filed a 2019 return, fill it out and compute the value). If this amount is over \$100,000, reduce it to \$100,000. If this amount is zero or less, you are not eligible for a PPP loan.

Step 2

- Calculate the average monthly net profit amount (divide the amount from Step 1 by 12).

Step 3

- Multiply the average monthly net profit amount from Step 2 by 2.5.

Step 4

- Add the outstanding amount of any Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020 that you seek to refinance, less the amount of any advance under an EIDL COVID-19 loan (because it does not have to be repaid).



PPP Loan Application – Self-Employed with No Employees & Independent Contractors Calculating the Maximum Loan Amount continued

Supporting Documentation

- Your 2019 IRS Form 1040 Schedule C must be provided to substantiate the applied-for PPP loan amount.
- You must also provide a 2019 IRS Form 1099-MISC detailing nonemployee compensation received (box 7), invoice, bank statement, or book of record establishing you were self-employed in 2019 and a 2020 invoice, bank statement, or book of record establishing you were in operation on February 15, 2020.



PPP Loan Application – Who will help you

Church's located in:

- West Michigan – Huntington Bank
- Marion County, Indiana (Indianapolis) and Wayne County, Michigan (Detroit) – First Merchants Bank
- Eastern Mass and Rhode Island
- Elsewhere - Diversity Capital





Applications & Locations



Huntington PPP Requirements

Process starts by opening Deposit Account where PPP funds will be received

Deposit Account Opening

For each type of business, the following is needed

- The proper individual present to open, with MI Drivers license/ID Card and their social security #
- 1- Primary Id & 1 Secondary Id for the business (Listed below under primary/secondary)
- Business EIN/TIN - best to have a copy of the IRS TIN form
- Your 2019 IRS Form 1040 Schedule C must be provided to substantiate the applied-for PPP loan amount.

Contractor Requirements

- Church name issuing 1099
- Social Security Number
- Signed Copy of individual's Schedule C



Huntington PPP Requirements

For Association Profit & Not For Profit

- Church's EIN
- Association Resolution approved by two officers and, if applicable, Incumbency Certificate and Resolution to Use Authorized Facsimile
- The Primary and Secondary used to identify the entity **AND** one of the following:
 - Letter of Purpose (can only be used for donation accounts)
 - If Association is registered with the state: Certificate of Beneficial Owner(s) Form
- **Non Profit's also need a**
 - Determination Letter for 501(c)(3) **or**
 - Evidence of non-profit status on the State Registry / Certification Websites

Association Non-Profit	
Primary	By-Laws, Charter or Constitution or other governing document** Government Issued Business License Certification of Trust or Declaration of Trust Entire Trust Agreement
Secondary	By-Laws, Charter or Constitution or other governing document** Form 1099 only issued by an FDIC Insured Bank or NCUA insured Credit Union Government Issued Business License IRS EIN Assignment Letter IRS form Non-Profit: 501- (c)(3) status IRS communication letter with full TIN/EIN Form 4506 - T Form response to Huntington from IRS Current & Signed Filed Tax Return



Huntington PPP Requirements

For Corporation Profit & Not For Profit

- Corporation's EIN
- Corporate Resolution signed by two officers of the Corporation, and if applicable, Incumbency Certificate and Corporate Resolution to Use Authorized Facsimile
- The Primary and Secondary used to identify the entity **AND**
- Certification of Beneficial Owner(s) Form
- **Non Profit's also need a**
 - Determination Letter for 501(c)(3) **or**
 - Evidence of non-profit status on the State Registry / Certification Web-sites

Corporation Non-Profit

Primary

- Registered Articles of Incorporation**
- Government Issued Business License
- Certification of Trust or Declaration of Trust
- Entire Trust Agreement

Secondary

- Form 1099 only issued by an FDIC Insured Bank or NCUA insured Credit Union
- Government Issued Business License
- IRS EIN Assignment Letter
- IRS form Non-Profit: 501- (c)(3) status
- IRS communication letter with full TIN/EIN
- Form 4506 - T Form response to Huntington from IRS
- Current & Signed Filed Tax Return
- Registered Articles of Incorporation**
- Secretary of State Registration (in active status)



Huntington PPP Requirements

Branch List for opening Deposit Account

- Wealthy (Grand Rapids)
- 40 Pearl (Grand Rapids)
- East Castle (Grand Rapids)
- Waters Circle (Grand Rapids)
- Apple Ave (Muskegon)
- East Town (Holland)



Application Process



First Merchants PPP

Process starts by opening a deposit account where PPP funds will be received

Account Opening - Church

- **Business Information required – proof of legal entity**
 - Church Legal Name
 - Organization documents
 - Church Physical Mailing Address
 - Statement Mailing Address
 - EIN/TIN
 - Church Phone #
 - Website address if exists
 - Signer Names
- **Signer information** - provide a copy of documentation:
 - Personal SSN/TIN
 - Copy of 1 primary and 1 secondary Identification:
 - Unexpired - **Primary** - Driver's license, Passport, State ID.
 - **Secondary** –Birth Certificate, Social Security Card, Government issued ID with picture

SIGNER/BENEFICIAL OWNERSHIP INFORMATION

- Required for each individual listed as a signer
- Signer Name
- Personal SSN/TIN
- Date of Birth
- Current Physical Residential Address
- Current Mailing Address (if different)
- Phone Number/Type
- Email address
- Copy of unexpired Primary and Secondary ID
- Occupation and Occupation Status (active, retired)
- Citizenship Country



First Merchants PPP

Process starts by opening a deposit account

Account Opening – Contractor (Pastor)

- **Business Information required – proof of legal entity**
 - Legal Name – must agree exactly with PPP loan application name
 - Physical Mailing Address
 - Statement Mailing Address
 - Social Security number
 - Phone #
- **Signer information** - provide a copy of documentation:
 - Personal SSN
 - Copy of 1 primary and 1 secondary Identification:
 - Unexpired - **Primary** - Driver's license, Passport, State ID.
 - **Secondary** –Birth Certificate, Social Security Card, Government issued ID with picture

SIGNER/BENEFICIAL OWNERSHIP INFORMATION

- Signer Name
- Personal SSN
- Date of Birth
- Current Physical Residential Address
- Current Mailing Address (if different)
- Phone Number/Type
- Email address
- Copy of unexpired Primary and Secondary ID
- Occupation and Occupation Status (active, retired)
- Citizenship Country



First Merchants PPP Requirements

PPP Application - Church

- Loan amount justification and supporting documents, such as:
 - Loan amount calculator
 - Articles of Incorporation
 - Bylaws
 - Identification of Church Leadership
 - Compensation support
 - 2019 IRS 940, 941 or 944 payroll tax reports

PPP Application - Contractor

- Loan amount justification and supporting documents, such as:
 - Loan amount calculator
 - Church name issuing 1099
 - Compensation support
 - 2019 IRS 1099 or Schedule C for Independent Contractors



First Merchants PPP Requirements – [Commercial Banking COVID-19 Support](#)

Contact information –

Marion County Indiana – marionPPP@firstmerchants.com

Wayne County Michigan – waynePPP@firstmerchants.com



ROCKLAND TRUST BANK

Where Each Relationship Matters®

Applications & Locations



Rockland Trust Bank PPP Requirements

All PPP Applications:

- SBA Form 2483 (Borrower Application)
- Rockland Trust PPP Loan Certificate
- Valid Email address and mobile phone number for all signers
- Rockland Trust DDA required prior to closing (per federal regulations, documents to verify the entity and/or the identities of all account signers is required)

Church as Borrower:

- Date Established
- Articles of Organization
- Bylaws identifying authorized signers
- Compensation support (2019 IRS 940, 941 or 944 payroll tax report)

Pastor (Independent Contractor) as Borrower:

- Church name issuing 1099
- Compensation support (2019 IRS 1099 or Schedule C for Independent Contractors)

To apply: Send an email to PPP.Inquiries@rocklandtrust.com and a member of our business banking team will contact you to take an application



Diversity Capital - PPP Requirements



Other regions will be supported by Diversity Capital

To apply- <https://www.diversitycapco.com>



PPP Loan Forgiveness



Forgiveness Amount Determination

Time Period

Expenses incurred during the Covered Period or Alternative Payroll Covered Period are eligible for forgiveness. The Covered Period includes up to 24 weeks from the date of the loan disbursement for borrowers to use the funds for payroll and other eligible costs.

Eligible Expenses

- Payroll Costs (see next slide)
- Utilities expenses associated with service agreements in place prior to February 15, 2020 for electricity, gas, water, transportation, fuel, phone and internet access
- Rent for real or personal property associated with leases that took effect prior to February 15, 2020
- Interest Expense
 - Mortgage loans existing prior to February 15, 2020
 - Debt on business personal property existing prior to February 15, 2020

Forgiveness Limitations

- Payroll Costs must represent at least 60% of forgiveness amount requested
- No more than 40% of the forgiveness amount can be associated with non-payroll costs
- Reductions in FTE (Full Time Equivalent Employees) or pay rates may result in reductions of forgiveness amounts.
- Safe Harbor provisions exist related to restoring pay or FTE level by December 31, 2020



Forgiveness Amount Determination – Payroll Costs

Payroll Costs

- Cash compensation, prior to taxes, paid to employees for wages, salary, bonuses, commissions, tips and other forms of cash compensation, *including housing stipends*
- Payments for medical, parental, family and sick leave payments
 - Excludes qualified sick and family leave wages for which a credit is allowed under Public Law 116–127
- Payments to employees for vacation time
- Payments for group health benefits costs and premiums
- Amounts paid into retirement plans by borrower
- Payment of state and local payroll taxes by borrower
- Payments of dismissal or separation allowances

Payroll Cost Limitations

- Compensation paid to an employee in excess of an annual salary rate of \$100,000 must be excluded from the Payroll Costs amount. The eligible payroll amount for an individual during a 24-week Covered Period is capped at \$46,154 and during an 8-week period is capped at \$15,385.
- Compensation paid to non-U.S. residents must be excluded from the Payroll Costs amount
- Employer payments to independent contractors are not includable in Payroll Costs



Comparison Between PPP Loan Amount and Forgiveness Amount Calculations

	Loan Amount	Forgiveness Amount
Expenses Considered	Payroll Costs	Payroll Costs, Utilities, Rent, Interest
Time Period	2.5 times monthly average	Up to 24 weeks after disbursement
Compensation over \$100K	Exclude amounts over \$100K	Exclude amounts over \$100K
Non-U.S. Residents	Exclude payroll costs	Exclude payroll costs
Contractor Income	2019 Schedule C prorated	2019 Schedule C prorated
FTE Level	n/a	Reduction based on change in FTE
Pay Rates	n/a	Reduction based on reduced employee compensation



Criteria for Use of EZ Application Form

	Condition 1	AND Condition 2
Option 1	The Borrower is a self-employed individual, independent contractor, or sole proprietor;	Had no employees at the time of the PPP loan application and did not include any employee salaries in the computation of average monthly payroll in the Borrower Application Form (SBA Form 2483).
Option 2	The Borrower did not reduce annual salary or hourly wages of any employee (who made \$100,000 or less in 2019) by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period (as defined below) compared to the period between January 1, 2020 and March 31, 2020;	The Borrower did not reduce the number of employees or the average paid hours of employees between January 1, 2020 and the end of the Covered Period. (Subject to the Safe Harbor provisions for inability to rehire)
Option 3	The Borrower did not reduce annual salary or hourly wages of any employee (who made \$100,000 or less in 2019) by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period (as defined) compared to the period between January 1, 2020 and March 31, 2020.	The Borrower was unable to operate during the Covered Period at the same level of business activity as before February 15, 2020, due to compliance with requirements established or guidance issued between March 1, 2020 and December 31, 2020 by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration, related to the maintenance of standards of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19.



Hypothetical Example

Situation

Assume an organization has four U.S. resident employees, three of whom have an annual salary of \$52,000 (\$1,000 per week for each employee), and one of whom has an annual salary of \$156,000 (\$3,000 per week). Assume related benefits costs included in payroll costs amount to \$1,500 in aggregate per week for the employees. The organization received their PPP loan on August 1, 2020. They have elected a 24-week Covered Period. Their Covered Period concludes on December 31, 2020.

Amount	Description
⇒ \$144,000	Twenty-four weeks of salary for the four employees
⇒ - \$25,846	Less employee salary in excess of \$100,000 annually (\$156,000 - \$100,000 = \$56,000 divided by 52 times 24 weeks)
⇒ = \$118,154	Subtotal for eligible compensation
⇒ + \$36,000	Eight weeks of benefits costs
⇒ = \$154,154	Payroll costs eligible for forgiveness
⇒ + \$102,769	Other costs eligible for forgiveness, limited to 40% of total forgiveness amount (utilities, rent, interest expense)
⇒ = \$256,923	Calculated Forgiveness amount
⇒ \$68,513	PPP loan amount (\$312,000 salary less \$56,000 excess plus \$72,862 benefits costs = \$328,862 divided by 12 months times 2.5)



Key PPP Forgiveness Documentation Requirements - Overview

Forms and Certification

- Forgiveness Application Form with Schedule A and Tables, or EZ Application Form
- Certification from an authorized representative of the borrower that the documentation provided by the organization is true and in good faith

Payroll Documentation

- IRS payroll tax filings
- Payroll and unemployment insurance filings for your state verifying the number of employees on payroll during the Covered Period or Alternative Payroll Covered Period
- Documentation supporting health insurance, retirement contributions and other employee benefits included under payroll costs

Non-Payroll Documentation

- Documentation that verifies the amounts used for utility, rent, and interest expense



Remaining PPP Loan Balances

- Any balance of a PPP loan not forgiven must be repaid by borrower.
- Repayment of the remaining balance is over at least 5 years.
- Interest rate is 1%.
 - Interest accrues from date of disbursement.
- Payments begin on the date at which the forgiveness amount is remitted to the lender,
 - or no later than 10 months after the end of the borrower's Covered Period.



Frequently Asked Questions

- Forgiveness Application Timing
- Forgiveness Application Due Date
- Housing Allowance
- Part-Time Employees
- Payment of Expenses
- Documentation of the EZ Application



Frequently Asked Questions

Forgiveness Application Timing: Are borrowers allowed to apply for forgiveness before the end of their Covered Period if they have already spent all of the original loan funds?

- Yes, just issued guidance indicates that applications for forgiveness can be submitted any time after all of the loan funds have been used for eligible purposes.

What is the due date for forgiveness applications?

- There is no due date for forgiveness applications.
- You may want to consider the following when deciding when to apply:
 - All documentation has been assembled to evidence the payroll and nonpayroll costs.
 - Loan payments begin 10 months after the end of your Covered Period.
 - Having PPP Loans forgiven prior to the end of 2020 will avoid having the loans reflected on your year end financial statements.

Housing Allowance: Is the amount paid to our Pastors for a housing allowance a forgivable expense?

- Yes, housing allowances have been identified as part of eligible compensation paid to the employee, and therefore part of payroll costs for forgiveness calculations.



Frequently Asked Questions (continued)

Part-Time Employees: How are part-time employees included in forgiveness calculations?

- Part-time employees are included in the calculation of Full Time Equivalent employees (FTE) on a pro rata basis.
 - For each employee, the average number of hours paid per week is divided by 40, and rounded to the nearest tenth. For example, a part-time employee working 32 hours per week would represent 0.8 FTE.
 - The maximum for each employee is capped at 1.0, even if they work more than 40 hours per week.
 - A simplified method may also be used which assigns a 1.0 for employees who work 40 hours or more per week and 0.5 for employees who work fewer than 40 hours per week.

Must eligible expenses be incurred and paid during the Covered Period?

- Eligible payroll costs are those which are incurred and/or paid during the Covered Period or at the next payroll cycle after the Covered Period.
- Eligible nonpayroll costs are those paid during the Covered Period or incurred during the Covered Period and paid at the next billing cycle after the Covered Period.



Frequently Asked Questions: Documentation for the Forgiveness EZ Application

What documentation is required to successfully submit the Forgiveness EZ application?

- Borrowers must submit documentation verifying:
 - For payroll costs, eligible cash compensation and non-cash benefit payments made.
 - For nonpayroll, documentation verifying existence of the obligations/services prior to February 15, 2020, and payments made.
 - The average number of full-time equivalent employees on payroll employed by the Borrower on January 1, 2020 and at the end of the Covered Period.
- Borrowers must retain, but need not submit, a variety of documents similar to the standard application, including (as applicable):
 - Payroll support justifying the borrower certification that employee levels and salaries were not reduced
 - Job offers and refusals supporting the inability to rehire to pre-Covered Period levels, and
 - Support for any certification to hardship due to the COVID-19 pandemic.



Economic Injury Disaster Loan (EIDL)



PPP vs. EIDL – How do they compare?

The Paycheck Protection Program allows businesses to borrow up to \$10 million in loans that are 100% forgivable if used for eligible purposes.

The Economic Injury Disaster Loan (EIDL) allows businesses to borrow up to \$2 million in loans and include a grant of up to \$10,000.

- **Q. What can EIDL be used for?**
- Payroll, fixed debts, accounts payable, other expenses that you are unable to pay directly due to the Covid-19 impact.
- **Q. How much can I qualify for with EIDL?**
- Up to \$2 million.
- **Q. What are the terms for EIDL?**
- 3.75% APR for up to a 30-year term.
- **Q. How do I Apply for EIDL?**
- An additional \$60 billion to fund Economic Injury Disaster Loans (EIDL) was part of the \$484 billion additional relief package approved in late April.
- Apply online at covid19relief.sba.gov. It doesn't cost anything to apply.
- On the application, you may check the box to be considered for an EIDL “advance” up to \$10,000 (\$1,000 per employee). The EIDL advance does not have to be repaid. The SBA requires a bank routing number and account number to deposit the funds.



PPP vs. EIDL – How do they compare? (cont'd)

- **Q. How much of EIDL is forgivable?**
- If applied for and received, up to \$10k available as an emergency grant or “EIDL Advance”.
- An EIDL advance provides borrowers with up to \$10,000 (\$1,000 per employee) and does not have to be repaid.
- **Q. Can I apply to Both PPP and EIDL?**
- Yes, you can apply for both. But you can't use the funds from both loan programs for the same purpose. For the most updated and complete information, read the [FAQs on the EIDL](#).
- For more information, visit The SBA has a hotline to help answer questions **1-800-659-2955**, 7 days a week from 7:00a.m. to 9:00p.m.



Economic Injury Disaster Loan (EIDL) Eligibility

Similar to the PPP program, faith-based organizations, including houses of worship are eligible to receive SBA EIDL loans regardless of whether they provide secular social services.

A faith-based organization is eligible for EIDL only if it:

- Was in operation before January 31, 2020, and
- Has fewer than 500 employees