

Local Church Resources for the Paycheck Protection Program (PPP) Portion of the CARES Act

Background: The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed by President Trump on March 27th. Part of the legislation provides for loans through the Small Business Administration (SBA) for non-profits (including churches) to cover expenses related to payroll (including benefits such as health care premiums), mortgages, rent, utilities, and other certain qualifying expenses. Local churches may apply for these short-term loans to cover expenses during this uncertain time. The United Methodist General Council on Finance and Administration (GCFA) has a helpful resource [here](#). The SBA Frequently Asked Questions for Faith-Based Organizations is available [here](#).

How to Apply: If the leadership of a local church (Finance Committee and/or Administrative or Church Council) approve applying for a loan (formal approval, with meeting minutes, is recommended), the church is encouraged to contact your current bank as soon as possible and inquire about eligibility for these loans (different banks will process eligibility differently, and not every bank is eligible to provide these loans). You can also find SBA-affiliated lenders or banks on the [SBA website](#)—one helpful piece of advice is to apply at more than one bank, since different banks will process applications differently and the funds are first-come, first-served; waiting to apply at a different lender only after you are denied at your first choice could waste time and risk access to much-needed funds. Some lenders have already stopped taking applications. The Paycheck Protection loan application form is available [here](#), and a helpful sample application is available from the Baltimore-Washington Annual Conference of The United Methodist Church [here](#). Additional documents that you are likely to need include financial reports for this year and last year (including payroll), 501c3 documentation (or a copy of the United Methodist Group Ruling Letter, which you can request [here](#)), and your Employer Identification Number (EIN).

How to Use the Funds: One of the unique and helpful features of the PPP loan is that, provided the funds are used as intended (and the local church can provide sufficient and adequate documentation), the loan turns into a grant and does not need to be repaid. Local churches are strongly encouraged to keep *impeccable* records of these funds and how they are used (one suggestion is to keep these funds in a completely separate account for disbursing only payroll, mortgage/rent, and utilities for the period of time as restricted by the PPP loan program). It is also strongly recommended that churches consider the implications of these loans if the funds are not used as expected—are you prepared to make interest-bearing payments on this loan? Can you repay the lender the balance of funds you do not disburse? Will you/can you adequately document the funds were used only for the purposes intended by the PPP program in order to have the loan converted to a grant?

Further Questions? Contact the New Mexico Annual Conference Office at 505-255-8786.

If you've experienced the loan process and have other tips, advice, or suggestions, please email Griselda Sandoval (GSandoval@nmconfum.com) and/or Randall Partin (randall@nmconfum.com) in the Conference Office so we can share this information with others.