

April 6, 2020

The SBA has updated its guidance and rules regarding eligibility for Paycheck Protection Program (PPP) loans under the CARE Act this weekend.

The PPP is a program where churches may apply for an unsecured loan primarily for temporary payroll support (8 weeks). It may become forgiven, in part or whole, depending on how funds are applied/utilized. A few items to note:

- The SBA released FAQ's about the eligibility of churches to receive PPP funds. It reaffirmed that churches are eligible to apply for PPP funding if they meet the criteria. [PPP FAQ's for Faith-Based Organizations \(4 4 2020\)](#)
- The Standing Committee of the Diocese has approved the indebtedness that may be incurred by congregations and agencies of the Diocese under the Payroll Protection Program. This resolution will be published shortly.
- It is recommended that you set up a separate account / sub-account specifically for any fund distributions received. This will help you keep track of any payroll expenses directly supported by these funds when you later file for forgiveness with your financial institution.
- Loan forgiveness will cover non-payroll costs only to a maximum of 25% of the total loan to a recipient. That means you should be applying most of your funds for payroll purposes (at least 75%).
- You may only apply one-time for a PPP loan. As currently published, any loan funds that are not forgiven will be treated as a loan with 1% interest rate with a maturity date of two years. You will need to ensure that loan proceeds are applied to eligible expenses appropriately.

Again, this continues to be an evolving landscape; additional details will continue to be worked by government agencies and financial institutions. Do visit our COVID19 Resource Page on our website as we will post updates and information there as it becomes available (www.diocgc.org/concerning-covid19). We'll continue to work with you to get answers to your questions and assist with applications.