

April 3, 2020



Sierra Pacific Synod
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Evangelical Lutheran Church in America
God's work. Our hands.

How Does a Congregation Apply For the Paycheck Protection Program?

The CARES Act and the Paycheck Protection Program

It goes without saying that COVID-19 has turned our world upside down. We're sheltering in place. We've realized that going to the grocery store is a 'high-risk' behavior. And we're worried about money – wondering if there will be enough money for us (and our congregations) to make it through this tenuous time and wondering to whom we might turn if we need help. There is help courtesy of the government's recently approved **Paycheck Protection Loan** provision from the CARES Act.

What is the Paycheck Protection Program?

The Paycheck Protection Program (PPP) is one aspect of the larger CARES Act. PPP is a loan program specifically designed to encourage for small businesses and 501(c)3 non-profits (those are our congregations!) to keep their workers on the payroll. This means federal money is available to ensure that we can pay church employees and staff through the days of this Coronavirus economic shutdown. Even better, the Government will forgive loans if all employees are kept on the payroll for eight weeks and the money borrowed is used for payroll, rent, mortgage interest, or utilities.

How Can Our Congregation Apply for the PPP?

Your congregation can apply through "any existing SBA lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating." You will need to consult with your local lender as to whether it is participating in the program. The application form can be found [here](#).

When Can Our Church Apply to Participate in the PPP?

Lenders may begin processing loan applications as soon as April 3, 2020. Because the funding pool available for PPP is limited, it is recommended that your congregation act on this offering as soon as is reasonable. This loan offering formally closes on June 30, 2020.

Who in Our Congregation Should Make This Application?

Because the PPP Loan Program involves borrowing money on behalf of the congregation, it should be the elected officers of the congregation who formally make application. The application requires signatures from an "Authorized Representative of the Business" and the "Owner of Applicant Business". (Two congregations currently making application have designated their pastor as the "Authorized Representative" and their Council President as "Owner") Make sure that written minutes recording the authorization to sign such documents are retained in the congregation's records.

Is This Application Process Going to Take a Long Time?

Absolutely NOT! In fact, the application document itself states that the estimated time for completing the application, including gathering data needed, is 8 minutes.

What are the Terms of the Loan?

This loan has a maturity of 2 years and an interest rate of .5%. Loan payments will also be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.

What are the Terms of the Loan Forgiveness?

The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. Due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll. (Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.)

When Could We Expect to Receive the Money?

Your direct lender will be able to provide you with these details when you submit your formal loan application.

The information on the PPP provided in this communication is to help congregations find a way to keep paying their staff during these unusual and uncertain times. There is no guarantee a congregation will receive funding but to be a good steward for your congregation, submitting an application for the Paycheck Protection Program is free and a good idea. We have posted on the [COVID-19 Financial/Administrative tab](#) - various videos and document links for you to upload and review for more information.

Should you have any questions, please feel free to contact me, Gail Kiyomura at synodvicepresident@spselca.org

As we go through this uncertain time, remember God is with us now and forever.

Shelter in Peace!



Gail Kiyomura
Vice President
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