

## **CARES Act/Paycheck Protection Program**

### **Frequently Asked Questions**

**What is the ‘Paycheck Protection Program?’** The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses and churches to keep their workers on the payroll. SBA (Small Business Administration) will forgive loans if all employees are kept on the payroll for eight weeks beginning February 15, 2020. The Paycheck Protection Program will be available through June 30, 2020.

**Is this program right for my church?** Every pastor and church board will need to determine if this is beneficial. In consultation with leading officials, denominational representatives, bankers/loaning agencies and parachurch organizations the widespread of acceptance for local churches is encouraged.

**Is this a loan or a grant?** Initially this is a loan. With proper documentation and usage, applications for this to be a grant will begin eight (8) weeks after the receipt of funds. You may file for a grant up to six (6) months from receipt of funds. If the funds remain as a loan, the loan has a maturity of 2 years and an interest rate of .5%.

**How much money can be borrowed?** Up to 2 ½ times of monthly payroll.

**How can these funds be utilized and remain within the parameters of seeking a grant?** Payroll, Mortgage interest, Rent (of church property), Utilities, Health insurance premiums.

**Where does the church seek a loan from?** Begin by contacting your locally used bank. If your bank does not participate, seek a national bank or contact the district office (Wayne Nelson: [wnelson@kcdistrict.org](mailto:wnelson@kcdistrict.org)) for recommendations.

**What about loan fees?** Mandated by the Federal government, no origination fees or closing costs will be added.

**Will the church need to pay 14% of funds received for denominational allocations?** No.

**What is my next step?** 1). Seek local church board approval. 2). Contact your local bank and acquire an application and calculation sheet. 3). Act quickly as funds for this program will only be available for a short time.

#### **Resources:**

- Statement from Pensions and Benefits, Church of the Nazarene -- <https://pbusa.org/>
- Christianity Today (4 Steps to take right now) -- <https://www.christianitytoday.com/edstetzer/2020/march/caring-for-your-churchs-finance-through-cares-act.html>
- US Department of Treasury - <https://home.treasury.gov/cares>
- Evangelical Council for Financial Accountability -- <https://www.ecfa.org>