

CARES ACT 2020

**A GUIDE FOR TEXAS BAPTIST CHURCHES
SEEKING FINANCIAL ASSISTANCE**



How Can the CARES Act Help My Church?

- » Churches are included in the Act's Payment Protection Program
- » The Act has allocated \$349 billion for the Payment Protection Program
- » The loan covers the timeframe of February 15, 2020 to June 30, 2020
- » Churches and other nonprofits with less than 500 employees are eligible

What Expenses Can the Loan Cover?

- » Payroll costs: salary and benefits up to \$100,000 per employee
- » Benefits include health, dental, vision insurance premiums; life insurance premiums; and vacation paid time off
- » Interest on any other debt obligations that were incurred before the loan period
- » Mortgage or rent payments and utilities
- » Any state and local taxes

How Much Can My Church Borrow?

» The total average monthly payroll and benefits up to \$100,000 per employee for the preceding 12 months (January 2019 to December 2019) multiplied by 2.5

OR

» If you are a brand new church plant or organization, use average payroll costs for January and February 2020 multiplied by 2.5

Where Do We Go to Apply for the Loan?

- » Your lender will most likely be your current banker
- » Your banker will receive funding from the Small Business Administration(SBA)
- » If your banker does not have a relationship with the SBA, you need to ask your banker for a referral as soon as possible
- » If you do not currently have a banker, contact Ward Hayes, treasurer and chief financial officer, at (214) 828-5310 or ward.hayes@txb.org for assistance

For Which SBA Loan are We Applying?

- » You are applying for the SBA Disaster Loan PPP (Paycheck Protection Program)
- » The SBA Disaster Loan EIDL (Economic Injury Disaster Loan Program) is a different program and does not offer forgiveness
- » No SBA PPP loan payments are due for 6 months to one year. Some may have to start making payments on Jan. 1, 2021
- » The interest rate will be 1.0%

What Do We Need to Certify the Loan?

- » Support for ongoing operations (General ledger, church budget, etc.)
- » Proof of funds used to retain workers and maintain payroll or make mortgage payments, lease and utility payments

How Can We Receive Loan Forgiveness?

- » The full amount of the loan can be forgiven
- » If you employ the same number of people during the loan period as you did last year:
 - Full-time equivalent (FTE)
 - The goal of the loan is for your 2020 FTEs to be equal to or greater than your 2019 FTEs
 - If you have fewer employees you will have to pay a portion back

What Collateral Do We Need?

- » Zero, yes, zero!
- » Funds that are not forgiven have a loan maturity of 10 years
- » Additional conditions include funds must be spent in 8 weeks and salaries cannot be reduced by more than 25%. These slides are an overview and may not cover every term or rule

So, Now What?

- » Call your banker today
- » The SBA is planning on having the forms ready on Friday, April 3, 2020; funds hopefully available as soon as April 17
- » You most likely will be telling your banker something he/she may not know is available
- » We will keep you updated as we learn more information
- » Visit txb.org/covid19 for updates and ministry resources

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