

# PAYCHECK PROTECTION PROGRAM

The CARES Act (Coronavirus Aid, Relief, and Economic Security Act) signed into law by President Trump on March 27, 2020, provides potential relief for churches and pastors attempting to financially weather the economic turmoil wrought by COVID-19.

As a part of the new relief plan, the Small Business Administration (SBA) has created a nearly \$350 billion loan program called the Paycheck Protection Program.

## 1: AM I ELIGIBLE?

The program is available to help distressed businesses — including 501(c)(3) churches, ministry organizations and self-employed pastors — with fewer than 500 employees with payroll costs, retirement contributions, group health insurance benefits, paid sick leave, medical and insurance premiums, mortgage interest payments, rent payments, utilities or interest on other loans outstanding at the time of the pandemic.

## 2: HOW MUCH CAN I BORROW?

Eligible recipients may qualify for a loan up to 2.5x their average monthly payroll costs up to \$10 million.

## 3: WHAT ARE THE TERMS?

- All loans will have a maturity of two years and an initial interest rate of 1%. However, the CARES Act also mentions a maximum interest rate of 4% per year.
- Loan payments can be deferred for six months.
- The SBA may forgive the portion of the loan proceeds that are used to cover the first eight weeks of payroll and certain other expenses following loan origination.



The amount of loan forgiveness calculated may be reduced if there is a reduction in the number of employees or a reduction of greater than 25% in wages paid to employees compared to the amount before the pandemic. **Reducing the number of staff members below this level may disqualify your organization from loan forgiveness and should be taken into consideration as you may be making difficult employment decisions.** For more information, visit [USChamber.com/co](https://www.uschamber.com/co).

## 4: HOW CAN I APPLY?

You will need to apply through an approved SBA lender, which includes most local banks. To learn more about these small business loans, search for “Payroll Protection Program” at [SBA.gov](https://www.sba.gov).

Visit [GuideStone.org/Coronavirus](https://www.GuideStone.org/Coronavirus) for additional information and resources designed to help keep your life and ministry moving forward during this unexpected season.

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