Some questions on the Paycheck Protection Program (PPP)

About applying

Some things to consider/information you'll need as you work on your PPP application:
1. Do you have a committee working on the PPP application?
2. Have you made contact with a bank who is a certified SBA Lender?
3. Do you know the website that the bank is using to communicate their process to applicants?
4. Do you know your tax ID?
5. Do you have a current group ruling letter that was issued within the last 6 months?

For after funding is approved

1. My church just received PPP funding and we could use some advice to make sure we have the best opportunity to have the full amount spent and forgiven over the next 8-weeks.

Based on the multitude of processes observed in the PPP application process, it is clear that each bank will create their own process for how they receive the receipts and make decisions on what they will acknowledge as a qualified expense.

Without knowing any additional specifics, we recommend the following guidance:

- Ask your bank to explain their process for submitting receipts for qualified expenses (payroll, benefits, mortgage/debt interest, rent, and utilities).
- Make sure that you know the Loan Origination Date. From the Small Business Administration guidance, it appears this date marks the start of the 8-week period within which the qualified expenses will be given loan forgiveness.
- Make sure the bank tells you whether they are willing to classify the following items as qualified expenses, if applicable:
  o Housing Allowance; and
  o 1099 Paid Church Staff.
- Some churches may need to consider prepayment of church paid pension and medical benefits to help accomplish the full expenditure of the PPP funds over the designated 8-week period. The prepayment of benefits can also be used to ensure that more than 75% of the funds are spent on payroll costs.

2. What must our church do to receive full loan forgiveness on the PPP funding?

The following steps must be taken to receive full loan forgiveness on the PPP funding:

- Spend the full amount received within eight (8) weeks of the origination date on only qualified expenses (payroll, benefits, mortgage/debt interest, rent, and utilities);
- More than 75% of the qualified expenses must be spent on payroll costs (payroll and church paid benefits);
- The church must keep receipts for all expenditures and submit them to the bank; and
- The bank must certify that the claimed expenditures meet both the bank’s understanding of what is identified as a qualified expense and that they also meet the bank’s standard for documenting the expenditure with a receipt.

REMEMBER: The amount of PPP funding that does not receive full loan forgiveness will continue as a bank loan that needs to be repaid over a two-year or a slightly greater period. A church conference must approve any loan that is established at this point and the continuing loan will also require Pastor and District Superintendent consent letters.