

## **CARES ACT PROGRAMS FOR FAITH-BASED & NON-PROFIT ORGANIZATIONS**

- I. Quick Start Guide to the New CARES Act Programs for Non-Profit Organizations
- II. Table Describing Each New Loan Program
- III. Frequently-Asked-Questions on Various Programs

For other non-governmental interpretations on CARES Act resources available to non-profit organizations, you may find it helpful to review articles from the National Law Review.

*(This article is provided for informational purposes only and HUD does not endorse its content.)*

<https://www.natlawreview.com/article/ffcra-and-cares-act-key-provisions-affecting-nonprofit-organizations>

### **I. Quick Start Guide**

**Struggling to get started? Are you a small business or non-profit organization with fewer than 500 employees?** The following questions might help point you in the right direction. Do you need:

- **Capital to cover the cost of retaining employees?** Then the [Paycheck Protection Program](#) might be right for you (non-profits are eligible).
- **A quick infusion of a smaller amount of cash to cover you right now?** You might want to look into an [Economic Injury Disaster Loan/Grant](#)
- **Just some quality, free counseling to help you navigate this uncertain economic time?** The [resource partners](#) might be your best bet.

### **II. Table of Resources**

**Programs for Small Businesses and Non-Profit Organizations (Including Faith-Based Organizations)**

## During the Coronavirus Emergency

**Target Audience: Small Businesses and Non-Profit Organizations (Updated April 6, 2020)**  
**See Full Descriptions and Frequently Asked Questions Below Table**

**For More Information Visit:** <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources> or <https://www.sba.gov>

Name of Program	Description	Examples of Use	Who is Eligible?	More Information
<p><b>Paycheck Protection Program</b></p>	<p>Federally guaranteed loans to employers that maintain payroll (or re-hire fired workers) during this emergency. If employers maintain payroll, up to eight weeks of the loans used for payroll would be forgiven.</p> <p>Available to organizations harmed by COVID-19 from February 15-June 30, 2020.</p> <p>Organizations must apply by June 30, 2020</p> <p>Maximum amount per organizations depending on payroll and other loan provisions: \$10 million.</p> <p>Waives participation fees and prepayment fees</p> <p>Maximum interest rate per year set at</p>	<p>Payroll support (including paid sick or medical leave);</p> <p>Employee salaries;</p> <p>Mortgage, rent and utility payments;</p> <p>Insurance premiums; and</p> <p>Other debt obligations.</p>	<p>Small businesses (under 500 employees)</p> <p>Sole proprietors</p> <p>Independent contractors</p> <p>Non-profit organizations (501(c)(3)) (under 500 employees)</p> <p>Veterans organizations (501(c)(19))</p> <p>See below for complete information</p>	<p>To apply or for more information, visit the Small Business Administration here or check with you small business lender:</p> <p><a href="https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources#section-header-0">https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources#section-header-0</a></p>

	<p>4%</p> <p>Allows deferment for at least six months but no more than one year.</p>			
<p><b>Economic Injury Disaster Loans/Grants</b></p>	<p>These grants (called EIDLs) provide an emergency advance of up to \$10,000 to small businesses and private non-profits harmed by COVID-19 within three days of applying for an SBA Economic Injury Disaster Loan (EIDL). To access the advance, you first apply for an EIDL and then request the advance. The advance does not need to be repaid under any circumstances, and may be used to keep employees on payroll, to pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments.</p> <p>Loan maximum: \$2 million</p> <p>Covered period: January 31, 2020-December 30, 2020</p> <p>Changes in terms of loan for COVID-19 emergency:</p> <ul style="list-style-type: none"> <li>○ Applicants can receive up to \$10,000 advance loan</li> </ul>	<p>Uses of loan: Providing paid sick leave, using payroll, meeting increased costs to obtain materials, making rent or mortgage payments, and repaying other obligations that cannot be met due to revenue losses).</p>	<p>Small businesses (under 500 employees)</p> <p>Sole proprietors</p> <p>Independent contractors</p> <p>Non-profit organizations (501(c)(3))</p> <p>Veterans organizations (501(c)(19))</p> <p>See below for complete information</p>	<p>See below for the link to apply for the Economic Injury Disaster Loans and \$10,000 advance.</p> <p><a href="https://covid19relief.sba.gov/#/">https://covid19relief.sba.gov/#/</a></p>

	<p>and do not need to repay it.</p> <ul style="list-style-type: none"> <li>○ Waives personal guarantee requirement for loans below \$200,000 and one-year business requirement.</li> <li>○ Applicants can be approved for loans based on credit score</li> </ul>			
<p><b>Counseling and Training Resources for Small Businesses and Non-Profit Organizations</b></p>	<p>If you, like many small business owners, need a business counselor to help guide you through this uncertain time, you can turn to your local Small Business Development Center (SBDC), Women’s Business Center (WBC), or SCORE mentorship chapter. To find a local resource partner, visit <a href="https://www.sba.gov/local-assistance/find/">https://www.sba.gov/local-assistance/find/</a></p>	<p>Counseling or training on starting, maintaining a business, seeking an SBA loan, or other topics.</p>	<p>Small businesses (under 500 employees)</p> <p>Sole proprietors</p> <p>Independent contractors</p> <p>Non-profit organizations (501(c)(3))</p> <p>Veterans organizations (501(c)(19))</p> <p>See below for complete information</p>	<p><a href="https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources#section-header-0">https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources#section-header-0</a></p>
<p><b>Minority Business Development Agency</b></p>	<p>In addition, the Minority Business Development Agency’s Business Centers (MBDCs), which cater to minority business enterprises of all sizes, may serve your area. To find out if there is a MBDC near you, visit this site. (<a href="http://www.mbda.gov">http://www.mbda.gov</a>)</p>			<p><a href="https://www.mbda.gov/businesscenters#4/34.05/-111.95">https://www.mbda.gov/businesscenters#4/34.05/-111.95</a></p>

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## **Paycheck Protection Program (PPP) Loans**

The program would provide cash-flow assistance through 100 percent federally guaranteed loans to employers who maintain their payroll during this emergency. If employers maintain their payroll, the loans would be forgiven, which would help workers remain employed, as well as help affected small businesses and our economy snap-back quicker after the crisis. PPP has a host of attractive features, such as forgiveness of up to 8 weeks of payroll based on employee retention and salary levels, no SBA fees, and at least six months of deferral with maximum deferrals of up to a year. Small businesses and other eligible entities will be able to apply if they were harmed by COVID-19 between February 15, 2020 and June 30, 2020. This program would be retroactive to February 15, 2020, in order to help bring workers who may have already been laid off back onto payrolls. **Loans are available through June 30, 2020.**

<b>FREQUENTLY ASKED QUESTIONS</b>	
<b>QUESTION:</b>	<p><b>What types of businesses and entities are eligible for a PPP loan?</b></p> <ul style="list-style-type: none"> <li>• Businesses and entities must have been in operation on February 15, 2020.</li> <li>• Small business concerns, as well as any business concern, a 501(c)(3) nonprofit organization, a 501(c)(19) veterans organization, or Tribal business concern described in section 31(b)(2)(C) that has fewer than 500 employees, or the applicable <a href="#">size standard</a> in</li> </ul>
<b>ANSWER:</b>	<p>number of employees for the North American Industry Classification System (NAICS) industry as provided by SBA, if higher.</p> <ul style="list-style-type: none"> <li>• Individuals who operate a sole proprietorship or as an independent contractor and eligible self-employed individuals.</li> <li>• Any business concern that employs not more than 500 employees per physical location of the business concern and that is assigned a NAICS code beginning with 72, for which the affiliation rules are waived.</li> <li>• Affiliation rules are also waived for any business concern operating as a franchise that is assigned a franchise identifier code by the Administration, and company that receives funding through a Small Business Investment Company.</li> </ul>
<b>QUESTION:</b>	<p><b>What are affiliation rules?</b></p> <p>Affiliation rules become important when SBA is deciding whether a business's affiliations preclude them from being considered "small." Generally, affiliation exists when one business controls or has the power to control another or when a third party (or parties) controls or</p>
<b>ANSWER:</b>	

has the power to control both businesses. Please see [this resource](#) for more on

these rules and how they can impact your business's eligibility.

**What types of non-profits are eligible?**

**QUESTION:** Answer: In general, 501(c)(3) and 501(c)(19) non-profits with 500 employees or fewer as most non-profit SBA size standards are based on revenue, not employee number. You can check [here](#).

**QUESTION: How is the loan size determined?**

Answer: Depending on your business's situation, the loan size will be calculated in different ways (see below). The maximum loan size is always **\$10 million**.

- **If you were in business February 15, 2019 – June 30, 2019:** Your max loan is equal to 250 percent of your average monthly payroll costs during that time period. If your business employs seasonal workers, you can opt to choose March 1, 2019 as your time period start date.
- **If you were not in business between February 15, 2019 – June 30, 2019:** Your max loan is equal to 250 percent of your average monthly payroll costs between January 1, 2020 and February 29, 2020.
- **If you took out an Economic Injury Disaster Loan (EIDL) between February 15, 2020 and June 30, 2020** and you want to refinance that loan into a PPP loan, you would add the outstanding loan amount to the payroll sum.

**QUESTION: What costs are eligible for payroll?**

Answer:  Compensation (salary, wage, commission, or similar compensation, payment of cash tip or equivalent)

- Payment for vacation, parental, family, medical, or sick leave
- Allowance for dismissal or separation
- Payment required for the provisions of group health care benefits, including insurance premiums
- Payment of any retirement benefit
- Payment of State or local tax assessed on the compensation of employees

**QUESTION: What costs are not eligible for payroll?**

Answer:  Employee/owner compensation over \$100,000

- Taxes imposed or withheld under chapters 21, 22, and 24 of the IRS code
- Compensation of employees whose principal place of residence is outside of the U.S.
- Qualified sick and family leave for which a credit is allowed under sections 7001 and 7003 of the [Families First Coronavirus Response Act](#)

**QUESTION: What are allowable uses of loan proceeds?**

Answer:           □ Payroll costs (as noted above)

- Costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums
- Employee salaries, commissions, or similar compensations (see exclusions above)
- Payments of interest on any mortgage obligation (which shall not include any prepayment of or payment of principal on a mortgage obligation)
- Rent (including rent under a lease agreement)
- Utilities
- Interest on any other debt obligations that were incurred before the covered period

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**FAQ's continue on the next page!**

**What is the loan term, interest rate, and fees?**

**QUESTION:** Answer:

For any amounts not forgiven, the maximum term is 10 years, the maximum interest rate is 4 percent, zero loan fees, zero prepayment fee (SBA will establish application fees caps for lenders that charge).

**How is the forgiveness amount calculated?**

**QUESTION:** Answer:

Forgiveness on a covered loan is equal to the sum of the following payroll costs incurred during the covered 8-week period compared to the previous year or time period, proportionate to maintaining employees and wages (excluding compensation over \$100,000):

- Payroll costs **plus** any payment of interest on any covered mortgage obligation (not including any prepayment or payment of principal on a covered mortgage obligation) **plus** any payment on any covered rent obligation **plus** and any covered utility payment.

<p><b>QUESTION:</b> Answer:</p>	<p><b>How do I get forgiveness on my PPP loan?</b>          You must apply through your lender for forgiveness on your loan. In this application, you must include:</p> <ul style="list-style-type: none"> <li>• Documentation verifying the number of employees on payroll and pay rates, including IRS payroll tax filings and State income, payroll and unemployment insurance filings.</li> <li>• Documentation verifying payments on covered mortgage obligations, lease obligations, and utilities.</li> <li>• Certification from a representative of your business or organization that is authorized to certify that the documentation provided is true and that the amount that is being forgiven was used in accordance with the program’s guidelines for use.</li> </ul>
<p><b>QUESTION:</b> Answer:</p>	<p><b>What happens after the forgiveness period?</b>          Any loan amounts not forgiven are carried forward as an ongoing loan with max terms of 10 years, at a maximum interest rate of 4%. Principal and interest will continue to be deferred, for a total of 6 months to a year after disbursement of the loan. The clock does not start again.</p>
<p><b>QUESTION:</b> Answer:</p>	<p><b>Can I get more than one PPP loan?</b>          No, an entity is limited to one PPP loan. Each loan will be registered under a Taxpayer Identification Number at SBA to prevent multiple loans to the same entity.</p>
<p><b>QUESTION:</b> Answer:</p>	<p><b>Where should I go to get a PPP loan from?</b>          All current SBA 7(a) lenders (see more about <a href="#">7(a) here</a>) are eligible lenders for PPP. The Department of Treasury will also be in charge of authorizing new lenders, including non-bank lenders, to help meet the needs of small business owners.</p>

**QUESTION: How does the PPP loan coordinate with SBA’s existing loans?**

Answer: Borrowers may apply for PPP loans and other SBA financial assistance, including Economic Injury Disaster Loans (EIDLs), 7(a) loans, 504 loans, and microloans, and also receive investment capital from [Small Business Investment Corporations](#) (SBICs). However, you cannot use your PPP loan for the same purpose as your other SBA loan(s). For example, if you use your PPP to cover payroll for the 8-week covered period, you cannot use a different SBA loan product for payroll for those same costs in that period, although you could use it for payroll not during that period or for different workers.

**QUESTION: How does the PPP loan work with the temporary Emergency Economic Injury Grants and the Small Business Debt Relief program?**



Answer: [Emergency Economic Injury Grant](#) and Economic Injury Disaster Loan (EIDL) recipients and those who receive loan payment relief through the [Small Business Debt Relief Program](#) may apply for and take out a PPP loan as long as there is no duplication in the uses of funds. Refer to those sections for more information.

## **Economic Injury Disaster Loans & Emergency Economic Injury Grants**

These grants provide an emergency advance of up to \$10,000 to small businesses and private non-profits harmed by COVID-19 within three days of applying for an SBA Economic Injury Disaster Loan (EIDL). To access the advance, you first apply for an EIDL and then request the advance. **The advance does not need to be repaid under any circumstance**, and may be used to keep employees on payroll, to pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments.

FREQUENTLY ASKED QUESTIONS	
<b>QUESTION:</b> Answer:	<p><b>Are businesses and private non-profits in my state eligible for an EIDL related to COVID-19?</b></p> <p>Yes, those suffering substantial economic injury in all 50 states, DC, and the territories may apply for an EIDL.</p>
<b>QUESTION:</b> Answer:	<p><b>What is an EIDL and what is it used for?</b></p> <p>EIDLs are lower interest loans of up to \$2 million, with principal and interest deferment at the Administrator’s discretion, that are available to pay for expenses that could have been met had the disaster not occurred, including payroll and other operating expenses.</p>
<b>QUESTION:</b> Answer:	<p><b>Who is eligible for an EIDL?</b></p> <p>Those eligible are the following with 500 or fewer employees:</p> <ul style="list-style-type: none"> <li>• Sole proprietorships, with or without employees</li> <li>• Independent contractors</li> <li>• Cooperatives and employee owned businesses</li> <li>• Tribal small businesses</li> </ul> <p>Small business concerns and small agricultural cooperatives that meet the applicable size standard for SBA are also eligible, as well as most private non-profits of <b>any</b> size. See <a href="#">below</a> for more info on size standards.</p>
<b>QUESTION:</b> Answer:	<p><b>My private non-profit is not a 501(c)(3). Is it still eligible for an EIDL and a grant?</b></p> <p>Yes, if you are a private non-profit with an effective ruling letter from the IRS, granting tax exemption under sections 501(c), (d), or (e) of the Internal Revenue Code of 1954, <b>or</b> if you can provide satisfactory evidence from the State that the non-revenue producing organization or entity is a non-profit one organized or doing business under State law. However, a recipient that is principally engaged in teaching, instructing, counseling, or indoctrinating religion or religious beliefs, whether in a religious or secular setting, or primarily engaged in political or lobbying activities is not eligible to receive an EIDL. If you are uncertain whether you qualify, please consult with legal counsel to determine whether your organization meets program criteria.</p>
<b>QUESTION:</b> Answer:	<p><b>Who is eligible for an Emergency Economic Injury Grant?</b></p> <p>Those eligible for an EIDL and who have been in operation since <b>January 31, 2020</b>, when the public health crisis was announced.</p>

<b>QUESTION:</b> Answer:	<p><b>How long are Emergency Economic Injury Grants available?</b>  <b>January 31, 2020 – December 31, 2020.</b> The grants are backdated to January 31, 2020 to allow those who have already applied for EIDLs to be eligible to also receive a grant.</p>
<b>QUESTION:</b> Answer:	<p><b>If I get an EIDL and/or an Emergency Economic Injury Grant, can I get a PPP loan?</b> Whether you’ve already received an EIDL unrelated to COVID-19 or you receive a COVID-19 related EIDL and/or Emergency Grant between January 31, 2020 and June 30, 2020, you may also apply for a PPP loan. If you ultimately receive a PPP loan or refinance an EIDL into a PPP loan, any advance amount received under the Emergency Economic Injury Grant Program would be subtracted from the amount forgiven in the PPP. However, you cannot use your EIDL for the same purpose as your PPP loan. For example, if you use your EIDL to cover payroll for certain workers in April, you cannot use PPP for payroll for those same workers in April, although you could use it for payroll in March or for different workers in April.</p>
<b>QUESTION:</b> Answer:	<p><b>How do I know if my business is a small business?</b>  Please visit <a href="https://www.sba.gov/size-standards/">https://www.sba.gov/size-standards/</a> to find out if your business meets SBA’s small business size standards. You will need the 6-digit North American Industry Classification Code for your business and your business’s 3-year average annual revenue.</p>
<b>QUESTION:</b> Answer:	<p><b>How do I apply for an economic injury disaster loan?</b>  To apply for an EIDL online, please visit <a href="https://disasterloan.sba.gov/ela/">https://disasterloan.sba.gov/ela/</a>. Your <a href="#">SBA District Office</a> is an important resource when applying for SBA assistance.</p>
<b>QUESTION:</b> Answer:	<p><b>I am unfamiliar with the EIDL process, can anyone help me apply?</b>  Yes, SBA resource partners are available to help guide you through the EIDL application process. You can find the nearest Small Business Development Center (SBDC), Women’s Business Center, or SCORE mentorship chapter at <a href="https://www.sba.gov/local-assistance/find/">https://www.sba.gov/local-assistance/find/</a>.</p>

### **Counseling & Training**

If you, like many small business owners, need a business counselor to help guide you through this uncertain time, you can turn to your local Small Business Development Center (SBDC), Women’s Business Center (WBC), or SCORE mentorship chapter. These resource partners, and the associations that represent them, will receive additional funds to expand their reach and better support small business owners with counseling and up-to-date information regarding COVID-

19. There will soon be a joint platform that consolidates information and resources related to COVID-19 in order to provide consistent, timely information to small businesses. To find a local resource partner, visit <https://www.sba.gov/local-assistance/find/>.

In addition, the Minority Business Development Agency’s Business Centers (MBDCs), which cater to minority business enterprises of all sizes, will also receive funding to hire staff and provide programming to help their clients respond to COVID-19. Not every state has a MBDC. To find out if there is one that services your area, visit [this site](#).

FREQUENTLY ASKED QUESTIONS	
<b>QUESTION:</b> Answer:	<p><b>Do I have to pay for counseling and training through SBDCs, WBCs, and MBDCs?</b> Counseling is free and training is low-cost with these partners. The additional funds that Congress provided will help keep this possible. Mentorship through SCORE is always free.</p>
<b>QUESTION:</b> Answer:	<p><b>What is a SBDC?</b> SBDCs are a national network of nearly 1,000 centers that are located at leading universities, colleges, state economic development agencies and private partners. They provide counseling and training to new and existing businesses. Each state has a lead center that coordinates services specifically for that state, which you can find by clicking the link above. To find out more about SBDCs, visit <a href="https://americassbdc.org/about-us/">https://americassbdc.org/about-us/</a>.</p>
<b>QUESTION:</b> Answer:	<p><b>What is a WBC; is it only for women?</b> WBCs are a national network of more than 100 centers that offer one-on-one counseling, training, networking, workshops, technical assistance and mentoring to entrepreneurs on numerous business development topics. In addition to women, WBCs are mandated to serve the needs of underserved entrepreneurs, including low-income entrepreneurs. They often offer flexible hours to meet the needs of their diverse clientele. To find out more about WBCs, visit <a href="https://www.awbc.org/">https://www.awbc.org/</a>.</p>
<b>QUESTION:</b> Answer	<p><b>What is SCORE?</b> SCORE provides free, confidential business advice through our volunteer network of 10,000+ business experts. You can meet with a mentor online. Find out more <a href="#">here</a>.</p>

**QUESTION:** Answer:

**Who do MBDCs serve?**

MBDCs are a good option for minority-owned businesses (including those owned by Black, Hispanic, Asian American/Pacific Islander, and American Indian business owners), especially those seeking to penetrate new markets — domestic & global — and grow in size and scale.

## **Small Business Tax Provisions**

### **Employee Retention Credit for Employers Subject to Closure or Experiencing Economic Hardship**

This provision would provide a refundable payroll tax credit for 50 percent of wages paid by eligible employers to certain employees during the COVID-19 crisis. The credit is available to employers, including non-profits, whose operations have been fully or partially suspended as a result of a government order limiting commerce, travel or group meetings. The credit is also provided to employers who have experienced a greater than 50 percent reduction in quarterly receipts, measured on a year-over-year basis.

Wages of employees who are furloughed or face reduced hours as a result of their employer's closure or economic hardship are eligible for the credit. For employers with 100 or fewer full-time employees, all employee wages are eligible, regardless of whether an employee is furloughed. The credit is provided for wages and compensation, including health benefits, and is provided for the first \$10,000 in wages and compensation paid by the employer to an eligible employee. Wages do not include those taken into account for purposes of the payroll credits for required paid sick leave or required paid family leave, nor for wages taken into account for the employer credit for paid family and medical leave (IRC sec. 45S).

- **The credit is not available to employers receiving assistance through the [Paycheck Protection Program](#). The credit is provided through December 31, 2020.**

### **Delay of Payment of Employer Payroll Taxes**

This provision would allow taxpayers to defer paying the employer portion of certain payroll taxes through the end of 2020, with all 2020 deferred amounts due in two equal installments, one at the end of 2021, the other at the end of 2022. Payroll taxes that can be deferred include the employer portion of FICA taxes, the employer and employee representative portion of Railroad Retirement taxes (that are attributable to the employer FICA rate), and half of SECA tax liability.

- **Deferral is not provided to employers receiving assistance through the [Paycheck Protection Program](#).**

**Thank you for your service in your communities  
in this unprecedented time!**