

The CARES Act

What it means for churches and church staff

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On March 25, 2020, the United States Senate passed the 900-page \$2.2 trillion *Coronavirus Aid, Relief, and Economic Security (CARES) Act* by a vote of 96-0. The House of Representatives passed the legislation two days later. The CARE Act is the third coronavirus response package enacted by Congress. It follows:

1. The Coronavirus Preparedness and Response Supplemental Appropriations Act (March 6, 2020), provides \$8.3 billion in emergency funding for federal agencies to respond to the coronavirus outbreak.
2. The Families First Coronavirus Response Act (March 18, 2020), requires certain employers to provide their employees with paid sick leave or expanded family and medical leave for specified reasons related to COVID-19. These provisions will apply from the effective date through December 31, 2020.

Key point. *Some members of Congress are suggesting that a fourth package may be necessary.*

Here is a summary of those provisions in the CARE Act of most relevance to churches and church staff.

Rebates and other individual provisions

- All U.S. residents with adjusted gross income up to \$75,000 (\$150,000 married), who are not a dependent of another taxpayer and have a work eligible social security number, are eligible for the full \$1,200 (\$2,400 married) rebate. In addition, they are eligible for an additional \$500 per child. This is true even for those who have no income, as well as those whose income comes entirely from non-taxable means-tested benefit programs, such as Supplemental Security Income (SSI) benefits.

Key point. *For the vast majority of Americans, no action on their part will be required to receive a rebate check since the IRS will use a taxpayer's 2019 tax return if filed (or their 2018 return if they haven't filed their 2019 return). This includes many individuals with very low income who file a tax return despite not owing any tax in order to take advantage of the refundable Earned Income Tax Credit and Child Tax Credit.*

A few clarifications:

- √ Any child who is a qualifying child for the purposes of the Child Tax Credit is also a qualifying child for the purposes of the recovery rebate. In general, a child is any dependent of a taxpayer under the age of 17.

- √ Individuals with \$0 of income are eligible for a rebate so long as they are not the dependent of another taxpayer and have a work-eligible Social Security Number.
- √ College students are eligible for a recovery rebate only if they are not considered a dependent of their parents. Generally, full-time college students under the age of 24 are considered a dependent if their parent(s) provide more than half of their support.
- √ Rebates sent via direct deposit will take a few weeks. Rebates sent via checks may take a few months.

Key point. *To illustrate, a family of four is eligible for a \$3,400 rebate.*

Key point. *The rebate is treated like other refundable tax credits, such as the child tax credit and earned income tax credit, and is not considered taxable income.*

Key point. *The rebate amount is reduced by \$5 for each \$100 that a taxpayer's adjusted gross income (AGI) exceeds the phase-out threshold. The threshold is \$75,000 for single taxpayers and \$150,000 for married persons filing jointly. The amount is completely phased-out for single filers with AGI exceeding \$99,000, \$146,500 for head of household filers with one child, and \$198,000 for joint filers with no children.*

- The CARES Act waives the 10-percent early withdrawal penalty for distributions up to \$100,000 from qualified retirement accounts for coronavirus-related purposes made on or after January 1, 2020. In addition, income attributable to such distributions would be subject to tax over three years, and the taxpayer may recontribute the funds to an eligible retirement plan within three years without regard to that year's cap on contributions.

Key point. *A coronavirus-related distribution is one made to an individual: (1) who is diagnosed with COVID-19, (2) whose spouse or dependent is diagnosed with COVID-19, or (3) who experiences adverse financial consequences as a result of being quarantined, furloughed, laid off, having work hours reduced, being unable to work due to lack of child care due to COVID-19, closing or reducing hours of a business owned or operated by the individual due to COVID-19, or other factors as determined by the Treasury Secretary.*

- The Act increases the amount available for personal loans from a qualified retirement plan from \$50,000 to \$100,000.
- The Act waives the required minimum distribution rules for certain defined contribution plans and IRAs for calendar year 2020. This provision provides relief to individuals who would otherwise be required to withdraw funds from such retirement accounts during the economic slowdown due to COVID-19.
- During the emergency period each provider of a diagnostic test for COVID-19 shall make public the cash price for such test on a public internet website.

- A health care professional shall not be liable under Federal or State law for any harm caused by an act or omission of the professional in the provision of health care services during the public health emergency with respect to COVID-19 declared by the Secretary of Health and Human Services if the professional is providing health care services in response to such public health emergency as a volunteer; and the act or omission occurs—(A) in the course of providing health care services; (B) in the health care professional’s capacity as a volunteer; (C) in the course of providing health care services that are within the scope of the license, registration, or certification of the volunteer. However, this provision does not apply if the harm was caused by an act or omission constituting willful or criminal misconduct, gross negligence, reckless conduct, or a conscious flagrant indifference to the rights or safety of the individual harmed by the health care professional; or the health care professional rendered the health care services under the influence of alcohol or an intoxicating drug.

Delay of certain deadlines

- In March of 2020 the IRS announced that taxpayers generally have until July 15, 2020, to file and pay federal income taxes originally due on April 15. No late-filing penalty, late-payment penalty or interest will be due. This means that anyone, including Americans who live and work abroad, can now wait until July 15 to file their 2019 federal income tax return and pay any tax due. *IR-2020-58*.

A few weeks later, in Notice 2020-23, the IRS expanded this relief to additional returns, tax payments and other actions. As a result, the extension now applies to all taxpayers that have a filing or payment deadline falling on or after April 1, 2020, and before July 15, 2020. This includes quarterly estimated tax payments (Form 1040-ES) that would have been due before July 15, 2020, including the first two estimated tax payments due on April 15 and June 15 of 2020. This means that any individual who has a quarterly estimated tax payment due on or after April 1, 2020, and before July 15, 2020, can wait until July 15 to make that payment, without penalty.

Estimated Quarterly Tax Payments for 2020

Quarter	Original due date	Revised due date
January-March	April 15, 2020	July 15, 2020
April-June	June 15, 2020	July 15, 2020
July-September	September 15, 2020	September 15, 2020
October-December	January 15, 2021	January 15, 2021

Individual taxpayers who need additional time to file beyond the July 15 deadline can request an extension to October 15, 2020, by filing Form 4868 through their tax professional, tax software or using the Free File link on IRS.gov. An extension to file is not an extension to pay any taxes owed. Taxpayers requesting additional time to file should estimate their tax liability and pay any taxes owed by the July 15, 2020, deadline to avoid additional interest and penalties.

Key point. *This provision is especially relevant to pastors who typically use the estimated tax procedure to prepay their federal taxes since they are exempt by law from income tax withholding.*

Charitable contributions

- The Act encourages Americans to contribute to churches and charitable organizations in 2020 by permitting them to deduct up to \$300 of cash contributions, whether they itemize their deductions or not.
- The Act increases the limitations on deductions for charitable contributions by individuals who itemize, as well as corporations. For individuals, the 50 percent of adjusted gross income limitation is suspended for 2020. For corporations, the 10 percent limitation is increased to 25 percent of taxable income.

Payroll taxes

- The Act provides a refundable payroll tax credit for 50 percent of wages paid by employers to employees during the COVID-19 crisis. The credit is available to employers whose (1) operations were fully or partially suspended, due to a COVID-19-related shut-down order, or (2) gross receipts declined by more than 50 percent when compared to the same quarter in the prior year.

The credit is based on qualified wages paid to the employee. For employers with greater than 100 full-time employees, qualified wages are wages paid to employees when they are not providing services due to the COVID-19-related circumstances described above. For eligible employers with 100 or fewer full-time employees, all employee wages qualify for the credit, whether the employer is open for business or subject to a shut-down order. The credit is provided for the first \$10,000 of compensation, including health benefits, paid to an eligible employee. The credit is provided for wages paid or incurred from March 13, 2020 through December 31, 2020.

- The Act allows employers and self-employed individuals to defer payment of the employer share of the Social Security tax they otherwise are responsible for paying to the federal government with respect to their employees. Employers generally are responsible for paying a 6.2-percent Social Security tax on employee wages. The provision requires that the deferred employment tax be paid over the following two years, with half of the amount required to be paid by December 31, 2021 and the other half by December 31, 2022.

Key point. *Deferral is not available to employers receiving assistance through the Paycheck Protection Program of the CARES Act.*

Education provisions

- The Act allows employers to provide a student loan repayment benefit to employees on a tax-free basis. Under the provision, an employer may contribute up to \$5,250 annually toward an employee's student loans, and such payment would be excluded from the employee's income. The \$5,250 cap applies to both the new student loan repayment benefit as well as other educational assistance (e.g., tuition, fees, books) provided by the employer under current law. The provision applies to any student loan payments made by an employer on behalf of an employee after date of enactment and before January 1, 2021.

- The Act temporarily suspends payments for federal student loans held by the federal Department of Education through September 30, 2020, and interest is waived for the duration of the suspension. Only loans held by the federal Department of Education include loans are eligible, including loans made under the federal William Ford Direct Loan Program, and some loans made under the Federal Family Education Loan Program (FFLEP).
- Generally, Pell grants are limited to 12 semesters. The CARES Act provides that the Secretary of Education shall exclude from a student's Federal Pell Grant duration limit any semester (or the equivalent) that the student does not complete due to a qualifying emergency.
- The CARE Act bars involuntary collections of student loans by offsetting an income tax refund or by other means.

Employee retention credit

- A credit designed to prevent layoffs and keep workers on the job.
- Tax-exempt employers are eligible.
- Eligible employers are allowed a credit against employment taxes (FICA, income tax) for each quarter of 50% of the qualified wages of each employee (up to \$10,000) for such calendar quarter during the COVID-19 emergency.
- The fully-refundable credit would be available to any business or non-profit that has a furloughed or reduced workforce as a result of a forced closure due to a federal, state or local government directive or as a result of quarantining of employees. The credit would also be available to any business that has seen a 50 percent drop in gross receipts when compared to the same quarter last year.
- The credit is capped at \$5,000 (maximum income of \$10,000 x 50 percent) and is refundable against payroll taxes.
- A special rule applies to eligible small employers (those with 100 employees or less) that provides a 50 percent credit for all wages paid, regardless of whether employees are furloughed or not.
- The credit would be available to businesses that do not receive Small Business Administration loans. Business owners would be able to choose whether an SBA loan or employee retention credit is better suited to their situation.
- The term "eligible employer" means any employer—(a) which was carrying on a trade or business during calendar year 2020, and (b) with respect to any calendar quarter, for which the operation of the trade or business is fully or partially suspended during the calendar quarter due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes) due to the coronavirus disease 2019 (COVID-19).

Key point. *The CARES Act provides that if an eligible employer receives a forgivable loan under the Paycheck Protection Program (see above) it is not eligible for the employee retention credit under this section.*

Unemployment insurance provisions

The CURES Act was designed to mitigate the economic effects of the COVID-19 pandemic in a variety of ways. One important way is the creation of a new temporary federal program called the Pandemic Unemployment Assistance (PUA) program that provides (through December 31, 2020) payment to *those not traditionally eligible* for unemployment benefits. PUA provides up to 39 weeks of unemployment benefits. Individuals receiving PUA benefits may also receive the \$600 weekly benefit amount (WBA) under the Federal Pandemic Unemployment Compensation (FPUC) program if they are eligible for such compensation for the week claimed.

Eligibility for PUA includes those individuals not eligible for regular unemployment compensation or extended benefits under state or federal law, including those who have exhausted all rights to such benefits. Covered individuals also include self-employed individuals, those seeking part-time employment, and individuals lacking sufficient work history.

The application of these provisions to church employees is unclear. State and federal laws exempt from unemployment taxes "service performed in the employ of a church, a convention or association of churches, or an organization that is operated primarily for religious purposes and that is operated, supervised, controlled, or principally supported by a church or convention or association of churches."

Does the CARE Act's temporary Pandemic Unemployment Assistance program apply to church employees on the ground that they "are not traditionally eligible for unemployment benefits"? A recent Department of Labor "Unemployment Insurance Program Letter" (No. 1-20) suggests that it may. It reads, in part:

The CARES Act was designed to mitigate the economic effects of the COVID-19 pandemic in a variety of ways. The CARES Act includes a provision of temporary benefits for individuals who have exhausted their entitlement to regular unemployment compensation as well as coverage for individuals who are not eligible for regular unemployment compensation These individuals may include . . . clergy and those working for religious organizations who are not covered by regular unemployment compensation, and other workers who may not be covered by the regular unemployment compensation program under some state laws.

Check with your state unemployment office to see if church employees in your state qualify for the PUA and WBA programs.

\$350 billion allocated for "Paycheck Protection Program" (PPP) -- forgivable loans

Key point. *Most churches are unfamiliar with Small Business Administration loans including the "Paycheck Protection Program". For assistance, contact your nearest Small Business Development Center (SBDC). The SBA website lists local centers. Start here, <https://www.sba.gov/local-assistance>.*

The Act establishes a new Small Business Administration loan program called the Paycheck Protection Program for small employers (including nonprofits) to help prevent

workers from losing their jobs and small businesses from failing due to economic losses caused by the COVID-19 pandemic. Here is how it works:

- The program provides small businesses and nonprofits (including churches) with less than 500 employees with federally guaranteed loans to cover payroll and other operating expenses.

Key point. *SBA has issued a document entitled Frequently Asked Questions Regarding Participation of Faith-Based Organizations in the Paycheck Protection Program that unequivocally states that churches can participate in the Paycheck Protection Program: "Faith-based organizations are eligible to receive SBA loans regardless of whether they provide secular social services. That is, no otherwise eligible organization will be disqualified from receiving a loan because of the religious nature, religious identity, or religious speech of the organization.*

- Loans are available from any lender approved to participate in US Small Business Administration loans and additional lenders approved by the Department of the Treasury.
- To be eligible for a loan under this program, a small business must have been harmed by the coronavirus between February 15, 2020 and June 30, 2020.
- The loan is forgiven in full if during the 8 week period beginning when you received the loan you spent it entirely on:
 - √ payroll costs
 - √ costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums;
 - √ interest on any mortgage obligations
 - √ rent, including rent under a lease agreement
 - √ interest on debt incurred before the covered period
 - √ utilities
- Any portion of a loan not forgiven is carried forward as an ongoing loan with a term of two years at one percent interest.
- The amount of loan forgiveness is reduced based on an employer's reduction in workers or wages according to a formula (but declines between February 15, 2020 and April 26, 2020 do not reduce the amount of loan forgiveness if the employer returns to pre-decline levels by June 30, 2020).
- Apply for forgiveness through your lender.
- Applicants can apply for this loan until June 30,2020.
- The Act requires eligible borrowers to make a good faith certification that
 - √ the loan is necessary due to the uncertainty of current economic conditions caused by COVID-19;
 - √ they will use the funds to retain workers and maintain payroll, lease, and utility payments

- This program is retroactive to February 15, 2020, to help bring workers who may have already been laid off back onto payrolls. The loan period ends on June 30, 2020.
- The Act allows complete deferment of loan payments for at least six months and not more than a year.
- The Paycheck Protection Program provides loans of up to 250% of an employer's average monthly payroll costs for the past 12 months (excluding compensation over \$100,000).

Here are two examples provided by the SBA illustrating how to calculate the maximum amount of a loan:

Example 1: No employees make more than \$100,000

Annual payroll: \$120,000

Average monthly payroll: \$10,000

Multiply by 2.5 = \$25,000

Maximum loan amount is \$25,000

Example 2: Some employees make more than \$100,000

Annual payroll: \$1,500,000

Subtract compensation amounts in excess of an annual salary of \$100,000:
\$1,200,000

Average monthly qualifying payroll: \$100,000

Multiply by 2.5 = \$250,000

Maximum loan amount is \$250,000

Nonprofit employers with less than 500 employees are eligible to receive loans under the Paycheck Protection Program. The CARES Act defines "nonprofit employers" to include churches and other religious organizations. It is likely that the eligibility of churches and other religious organizations to participate in the loan program will be challenged in court as an unconstitutional establishment of religion in violation of the First Amendment. But note:

(1) Any legal challenge will be hampered by the fact that this program ends on December 31, 2020, and

(2) The United States Supreme Court has ruled that laws benefiting a wide range of secular nonprofit organizations are not rendered unconstitutional by the fact that religious organizations are included among the beneficiaries. To illustrate, in 1970 the Court upheld the constitutionality of a New York law exempting churches from property taxes, in part because property used for religious purposes was but one of a

wide variety of classifications of property that were exempted from tax. The state had not singled out church-owned property for the exemption, but rather it had included such property in a long list of other exempted properties owned by organizations whose activities the state had decided were socially desirable and deserving of protection through exemption from tax. *Walz v. Tax Commission*, 393 U.S. 664 (1970).

Similarly, in 1989 the United States Supreme Court ruled that a Texas law exempting religious periodicals from state sales tax violated the First Amendment's nonestablishment of religion clause. *Texas Monthly, Inc. v. Bullock*, 109 S. Ct. 890 (1989). From 1984 until 1987 Texas law imposed a sales tax upon all periodicals except those "published or distributed by a religious faith and that consisted wholly of writings sacred to a religious faith." This law was challenged by a secular publisher, and the United States Supreme Court agreed that the Texas law violated the First Amendment's ban on the establishment of religion.

But the Court stressed that "insofar as a tax exemption is conferred upon a wide array of nonsectarian groups as well as religious organizations in pursuit of some legitimate secular end, the fact that religious groups benefit incidentally does not [violate the First Amendment]." The court emphasized that if Texas chose to grant a tax exemption to "all groups that contributed to the community's cultural, intellectual, and moral betterment, then the exemption for religious publications could be retained." The court specifically ruled that a statute exempting organizations created for "religious, educational, or charitable purposes" from the payment of state sales tax would be a "model" exemption statute.

This precedent strongly suggests that any constitutional challenge to the inclusion of religious groups in the Paycheck Protection Loan Program will fail.

The SBA released a loan application on April 1, 2020, that contains a statement that any organization receiving SBA financial assistance, including Paycheck Protection Program loans, must agree not to discriminate in any business practice (including employment and services to the public) on the basis of Parts 112, 113, and 117 of Title 13 of the Code of Federal Regulations. These parts prohibit discrimination on the basis of race, color, national origin, sex, or age by any organization receiving SBA financial assistance.

This raises the question of the eligibility of churches that discriminate on the basis of "employment standards" including extramarital sexual relations, sexual orientation, and same-sex marriages to participate in Paycheck Protection Program loans. Are they barred from participating in the loan program on the ground that their employment standards constitute prohibited sex discrimination? Probably not, for three reasons:

First, Title VII of the Civil Rights Act of 1964, which bans discrimination in employment on the basis of race, color, national origin, sex, or religion, permits religious employers to discriminate in employment decisions on the basis of religion. Many courts have recognized that this exception allows churches to discriminate in employment on the basis of their biblically-rooted employment standards so long as they do so consistently and do not disproportionately punish members of a protected group. The SBA has issued a document entitled *Frequently Asked Questions Regarding Participation of Faith-Based Organizations in the Paycheck Protection Program* explicitly affirming this point:

Consistent with certain federal nondiscrimination laws, SBA regulations provide that the recipient may not discriminate on the basis of race, color, religion, sex, handicap, age, or national origin with regard to goods, services, or accommodations offered. 13

C.F.R. § 113.3(a). But SBA regulations also make clear that these nondiscrimination requirements do not limit a faith-based entity's autonomy with respect to membership or employment decisions connected to its religious exercise. 13 CFR § 113.3-1(h). And . . . SBA recognizes the various protections for religious freedom enshrined in the Constitution and federal law that are not altered or waived by receipt of Federal financial assistance.

Second, the SBA issued an "Interim Final Rule" on April 2, 2020, that states, in part:

All loans guaranteed by the SBA pursuant to the CARES Act will be made consistent with constitutional, statutory, and regulatory protections for religious liberty, including the First Amendment to the Constitution, the Religious Freedom Restoration Act . . . and SBA regulation at 13 C.F.R. 113.3-1h, which provides:

"Nothing in [SBA nondiscrimination regulations] shall apply to a religious corporation, association, educational institution or society with respect to the membership or the employment of individuals of a particular religion to perform work connected with the carrying on by such corporation, association, educational institution or society of its religious activities."

Third, the so-called ministerial exception, which prohibits the civil courts from resolving employment disputes between churches and clergy, likely would allow churches to participate in an SBA loan program even if they discriminate on the basis of biblical standards in the employment of clergy.

Foreclosure moratorium and forbearance

- Any homeowner with an FHA, VA, USDA, 184/184A mortgage, or a mortgage backed by Fannie Mae or Freddie Mac, who is experiencing financial hardship is eligible for up to 6 months' forbearance on their mortgage payments, with a possible extension for another 6 months. At the end of the forbearance, borrowers can work within each agency's existing programs to help them get back on track with payments, but they will have to pay missed payments at some point during the loan, so if borrowers can pay they should continue to do so.
- Renters who have trouble paying rent also have protections under the bill if they live in a property that has a federal subsidy or federally backed loan. Owners of these properties cannot file evictions or charge fees for nonpayment of rent for 120 days following enactment of the bill, and cannot issue a renter a notice to leave the property before 150 days after enactment. After this period renters will be responsible for making payments and getting back on track, so they should continue to make payments if they're financially able to do so. Renters who receive housing subsidies such as public housing or Section 8 who have had their incomes fall should recertify their incomes with their public housing agency or property owner because it may lower the rent they owe.
- The Act includes a 60-day foreclosure moratorium starting on March 18, 2020, for all federally-backed mortgage loans. Borrowers with FHA, VA, USDA, or 184/184A loans, or loans backed by Fannie Mae and Freddie Mac, will not see foreclosure actions and cannot be removed from their homes due to foreclosure during that time.

“Real-ID”

- Many Americans do not have a Real ID-compliant identification (required to board commercial airlines) and are concerned about going to a crowded DMV in the coming months before the October 1, 2020 deadline. There is no need to visit a DMV just to obtain a REAL ID by October 1, 2020 because the deadline will be extended for one year, until October 1, 2021.

Utility shutoffs

Utility service is regulated by the states rather than the federal government. Many states have ordered their utilities not to terminate service to customers during the crisis.

Posters

The CARES Act does not require employers to post an explanatory notice. But the Families First Coronavirus Response Act does. Here is what it says (§5103):

Each employer shall post and keep posted, in conspicuous places on the premises of the employer where notices to employees are customarily posted, a notice, to be prepared or approved by the Secretary of Labor, of the requirements described in this Act.

Not later than 7 days after the date of enactment of this Act, the Secretary of Labor shall make publicly available a model of a notice that meets the requirements of [the law].

To obtain notices free of charge, contact the Department’s Wage and Hour Division at 1-866-4-USWAGE (1-866-487-9243). Alternatively, you may download and print the notice yourself from <https://www.dol.gov/agencies/whd/posters>.

“Affiliation rules”

Are entities created and controlled by a church or denominational body eligible to apply for their own Paycheck Protection loan, or can only the parent body do so? And, are the employees of all affiliates included with the employees of the parent body in deciding if the parent body has exceeded the 500-employee ceiling on “small employer” status?

Consider the following examples:

- Preschools
- Schools
- Nursing homes
- Feeding programs
- Churches affiliated with a regional or national hierarchical religious denomination

Are these kinds of entities eligible to apply for their own Paycheck Protection loan? Or can only their parent body do so? And, are their employees added to the parent’s employee count in computing the 500-employee limit on the definition of a “small employee”?

These questions are addressed by the SBA in a document entitled *Frequently Asked Questions Regarding Participation of Faith-Based Organizations in the Paycheck Protection Program* as follows:

Is my faith-based organization disqualified from any SBA loan programs because it is affiliated with other faith-based organizations, such as a local diocese?

Not necessarily. Under SBA's regulations, an affiliation may arise among entities in various ways, including from common ownership, common management, or identity of interest. 13 C.F.R. §§ 121.103 and 121.301. . . . Some faith-based organizations likely would qualify as "affiliated" with other entities under the applicable affiliation rules. Entities that are affiliated according to SBA's affiliation rules must add up their employee numbers in determining whether they have 500 or fewer employees.

But regulations must be applied consistent with constitutional and statutory religious freedom protections. If the connection between your organization and another entity that would constitute an affiliation is based on a religious teaching or belief or is otherwise a part of the exercise of religion, your organization qualifies for an exemption from the affiliation rules. For example, if your faith-based organization affiliates with another organization because of your organization's religious beliefs about church authority or internal constitution, or because the legal, financial, or other structural relationships between your organization and other organizations reflect an expression of such beliefs, your organization would qualify for the exemption. If, however, your faith-based organization is affiliated with other organizations solely for non-religious reasons, such as administrative convenience, then your organization would be subject to the affiliation rules. SBA will not assess, and will not permit participating lenders to assess, the reasonableness of the faith-based organization's good-faith determination that this exception applies.

Federal Economic Injury Disaster Loans

Paycheck Protection loans are not the only SBA program that provides loan assistance. If you have suffered substantial economic injury and are one of the following types of businesses located in a declared disaster area, you may be eligible for an SBA Economic Injury Disaster Loan (EIDL):

- Small Business
- Small agricultural cooperative
- Most private nonprofit organizations

Substantial economic injury means the business is unable to meet its obligations and to pay its ordinary and necessary operating expenses. EIDLs provide the necessary working capital to help small businesses survive until normal operations resume after a disaster.

The SBA can provide up to \$2 million to help meet financial obligations and operating expenses that could have been met had the disaster not occurred. Loan amounts are based on actual economic injury and a company's financial needs, regardless of whether the business suffered any property damage.

The interest rate on EIDLs will not exceed 4 percent per year. The term of these loans will not exceed 30 years. The repayment term will be determined by the borrower's ability to repay the loan.

EIDL assistance is available only to small businesses when SBA determines they are unable to obtain credit elsewhere.

You can apply online for an SBA disaster assistance loan.

You must submit the completed loan application and a signed and dated IRS Form 4506-T giving permission for the IRS to provide SBA your tax information.

For additional information, please contact the SBA disaster assistance customer service center. Call 1-800-659-2955 or e-mail disastercustomerservice@sba.gov.