Paycheck Protection Program (Small Business Loan)

CHECKLIST

1. **Have you consulted with your church council/governing body and your District Superintendent of your intent to apply for SBA loan and received their confirmation?**

Please note that written approval from your DS is required to apply for the loan.

2. **Have you contacted a bank who is a certified SBA Lender and willing to receive your PPP application?**

Most banks are registering clients on a designated website for notification about their process. This bank website will provide instructions to the church on how and when to make your online application. It will also inform you about what documents the church will need to attach to the online application before submitting.

3. **Have you located your church’s Federal Tax ID (Employer Identification Number)?**

If you need help finding the church Tax ID, the easiest place to look is on the pastor’s W-2 that was issued at the beginning of the year. Churches are never to use the Conference Tax ID or the denomination’s Tax ID for any purpose and that is especially true for the PPP application.

4. **Have you located your church’s Group Ruling Letter to verify that you are a non-profit and was it issued within the last 6 months?**

The Group Ruling Letter is issued by the General Council on Finance and Administration in Nashville. The letter certifies that your church is a 501(c)3 non-profit organization under the umbrella of the United Methodist Church.

If you need help to obtain a current Group Ruling Letter for your church, you will find an application at the following link: [http://umgroupruling.org](http://umgroupruling.org) After answering a few questions, including entering your Tax ID and church address, you will be able to print out your group ruling letter in 5-10 minutes.

**Question:**

What if the bank denies my application because I am applying as a religious organization/church?

**Answer:** On April 2, 2020, the Small Business Administration (SBA) issued an interim final rule (Rule) implementing the Paycheck Protection Program (PPP). In the Rule, the SBA clearly states that *any 501(c)(3) nonprofit organization is eligible*. Churches (houses of worship) and
conventions or associations of churches (like annual conferences) are tax-exempt organizations as described in Internal Revenue Code (IRC) Section 501(c)(3), so should be eligible. The Rule adopts the broad text of the CARES Act regarding which organizations are eligible. Nevertheless, the program is administered by local bank lenders, and some banks may not have a good understanding of nonprofit and church organizations, or may restrict loans to its existing borrowers and clients, or other types of business for its own reasons.

Businesses that are not eligible for PPP loans are identified in [regulations] and described further in SBA's Standard Operating Procedure (SOP) … except that nonprofit organizations authorized under the CARES Act are eligible.

This clarification should reinforce for borrowers and lenders that nonprofit organizations are eligible.

**Minimum Required Documents:**

Copies of payroll tax reports file with the IRS (including Forms 941, 940, state income and unemployment tax filing reports) for the entire year of 2019 and first quarter of 2020 (if available) should be presented.

Copies of payroll reports for each pay period for the preceding 12 months. Such reports should include gross wages including PTO (which might include vacation, sick, and other PTO). This includes payroll reports through the pay period preceding the origination of the SBA loan.

Documentation reflecting the health insurance premiums paid by the church under a group health plan for the immediately preceding 12 months prior to the date of the SBA loan origination. Copies of the monthly invoices should suffice.

Please note that the lender can ask for more documents not listed here.