

EXECUTIVE SUMMARY – CORONAVIRUS AID, RELIEF & ECONOMIC SECURITY ACT (CARES Act)

Coronavirus (COVID-19) Relief Options

1. **Purpose:** To help Small Businesses including Faith based organizations overcome the challenges created by the current pandemic, COVID-19 through convertible loan facility.
2. **Administration:** The U. S. Small Business Administration (SBA) administer and grant the loans with exclusive authority giving to accredited lenders as in 4(B) below to process such loans.
3. **Faith Based Relevant Option**
 - i. **Paycheck Protection Program (PPP) – Our main Focus**
4. **PAYCHECK PROTECTION PROGRAM (PPP)**
 - A. **Objective:** To provide a direct incentive for small businesses with 500 employees or fewer to keep their workers on the payroll.

B. Lenders
 - i. SBA 7(a) Lenders (mostly accredited lenders by the administration)
 - ii. Any Federally Insured Depository Institution
 - iii. Federally Insured Credit Union, and
 - iv. Farm Credit Union
5. **Application Timeline:** **April 3, 2020 - June 30, 2020**

Note: The SBA have currently stopped accepting application as at present except going through listed SBA accredited institution in B above
6. **Who can apply**
 - i. Small Businesses that meets SBA employee size standards of 500 or less
 - ii. **Non for profit organization such as**
 - a. **Tax Exempt Non for Profit Organizations with 501(c)(3) compliant under IRS code – Where Churches (we) fall**
 - b. Veterans organization 501(c)(19)

- iii. Organizations in i & ii above **MUST** have been in operation as of February 15, 2020 with employees who were paid salaries and payroll taxes or paid independent contractors as reported on Form 1099-MISC.
- iv. In addition to three (3) points above, application business **MUST** be able to show that the current economic uncertainty makes the loan necessary to support the ongoing operation of the applicant.
- v. You can apply if there are documentation of full time employee on payroll including the dollar amounts of payroll costs, covered mortgage interest, rent and utilities payments for the eight (8) weeks period following the grant of the loan that can be provided to the lenders.

7. **Loan details**

It **MUST** be understand that this is a convertible loan which **MUST** be used for its purpose to be forgiven. Such purposes includes,

- i. **Payroll** – This constitute the backbone of the loan. You **MUST** have a legit payroll system (not stipend checks) with payroll tax and other deductions.

NOTE:

- A. **(FORGIVENESS) For the loan to be forgiven, 75% of total loan amount MUST go into payroll while the remaining documented 25% payment will be shared between ii (INTEREST AND MORTGAGES), iii (RENT) and iv (UTILITIES) below.**
 - B. **In addition to expending the 75% of the loan on payroll, the Act stipulated that the church MUST maintain payment of salary during the pandemic and MUST quickly reabsorb lay off employees.**
 - C. **Also, you MUST be able to submit documentation such as payroll processor records, payroll tax fillings or 1099-MISC or where this are unavailable, you MUST be able to provide a legit bank records to identify the qualifying payroll amount.**
- ii. **Interest on Mortgages** - Payment of church mortgage loan especially interest
 - iii. **Rent** – Payment of rent
 - iv. **Utilities** – Such as light, water, gas bills (etc)

8. **LOAN PAYMENT**

Where loan is not forgiven, the loan has a maturity of 2 years with 1% interest rate. The loan repayment will start not less than six (6) months from the date loan was approved and disbursed but interest will accrue on the loan over the six (6) months of deferment.

9. **PENALTY**

Submitting a false application with a false supporting documentation to obtain these guarantee loan will result into the following penalty **PLEASE TAKE NOTE OF CONSEQUENCES**

- i. **General Federal False Statements Statue/Sentence or Fine (18 U.S.C 1001 & 3571)** – Imprisonment of not more than five (5) years and/or a fine of up to \$250,000.
- ii. **False Statements, Embezzlements, Concealments and Misrepresentation (15 U.S.C 645)** – Imprisonment of up to two (2) years and/or a fine of not more than \$5,000.
- iii. **False Statement on Loan Application IF Submitted to a Federally Insured Institution (18 U.S.C 1014)** – Imprisonment of not more than thirty (30) years and/or fine of not more than \$1,000,000