



The  
Episcopal Diocese  
of New York

## THE PAYCHECK PROTECTION PROGRAM (“PPP”) FREQUENTLY ASKED QUESTIONS

Applications for PPP loans through the U.S. Small Business Administration (“SBA”) have been in full swing since the program became available to small businesses and non-profits (including faith-based institutions) on April 3, 2020. We thought it might be useful to describe some of the questions which have come to our attention over the past few days in the hope that the information below may assist applicants for the PPP loans.

*The information below does not constitute legal or other professional advice and is subject to change as additional guidance and interpretations are issued. We recommend that you consult your attorney or accountant with respect to any specific questions that you may have regarding the PPP.*

### 1. Who is the owner of the applicant?

Many bank application forms are not written with not-for-profits, particularly churches, in mind, so some of the terminology in the forms will not make sense. If you see a question as to “applicant ownership,” the answer is usually worded as “The Rector, Wardens and Vestrymen/Members of the Vestry of \_\_\_\_\_,” as that is usually the name in which legal title to the parish’s property is held.

### 2. If the diocesan Finance Department handles our parish payroll, how do we get the payroll information that we need for our application?

Please ask Zoraida Marte, Payroll Manager. <mailto:zmarte@diocesenyc.org>.

### 3. Our bank’s application form does not have a place to check that we are a not-for-profit corporation. How do we apply?

Choose “sole proprietor” on the bank’s form, submit the application and then work it out with the bank later. Again, many banks have not had the time to adapt their forms for nonprofit use.

### 4. Since we are a part of the Episcopal Diocese of New York, must the diocese apply for us to the PPP? Won’t that make us too big to apply?

No to both questions. In its *Frequently Asked Questions Regarding the Participation of Faith-Based Organizations in the Paycheck Protection Program and the Economic Injury Disaster Loan Program* dated April 3, 2020, the SBA has provided guidance with respect to a faith-based organization’s eligibility for SBA loan programs because of an affiliation with another faith-based organization, such as a local diocese. The SBA guidance can be found at [sba.gov/document/support-faq-regarding-participation-faith-based-organizations-ppp-eidl](https://www.sba.gov/document/support-faq-regarding-participation-faith-based-organizations-ppp-eidl). In particular, please review FAQs 6 and 7 and Addendum A.

**5. Can any lender provide a PPP loan?**

PPP loans can be issued through lenders that have previously been approved to provide SBA loans pre-COVID-19. In addition, any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating can provide PPP loans. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. You should first consult with your local bank as to whether it is participating. Please visit <https://www.sba.gov> for a list of SBA lenders.

**6. Our bank says that it will not accept a PPP application form from our congregation because we either do not have a banking relationship with the bank, or do not have the kind of relationship that it requires. What do you recommend?**

Be pushy. Banks are very unfamiliar with issuing SBA loans to churches. You are not required to have any type of existing relationship with a bank. That said, if they are difficult, send an application to another bank or ask a fellow member of the clergy or parishioner if they're familiar with one or more banks that are more familiar with the PPP program.

**7. If I receive a PPP loan, will I be sacrificing my autonomy or First Amendment rights?**

No. The [SBA FAQs](#) described in point 4 above make it clear that religious freedom is not altered or waived because of a faith-based institution's receipt of Federal financial assistance (see FAQs 4 and 5).

**8. We don't have any lawyers or finance professionals among our parishioners. Whom do you recommend to advise us if we have questions?**

Most bank applications are designed to be completed by persons who do not have a professional background.

**9. One of the requirements for the PPP is that the church pays payroll taxes. Our church only has one employee – and since she is a minister we do not pay employer payroll taxes. Can our parish still apply for the PPP and how?**

Try first to apply in the name of your parish and note the payroll tax issue in the application. If your parish's bank will not accept the application in that form, then file in your priest's name as an independent contractor (independent contract submissions begin on April 10, 2020).

**10. May our parish apply to multiple programs for financial assistance with the same expenses?**

The SBA has indicated that an employer may not receive payments from two different governmental programs to cover the same costs. Although our diocesan Chancellor has not yet seen any definitive guidance about obtaining relief for the same expenses from both governmental and private sources, she advises parishes not to apply for financial assistance with clergy pension assessments from both the PPP and the Church Pension Fund's waiver program. Also, churches are not entitled to borrow under the SBA's

Economic Injury Disaster Loan (“EIDL”) program, although separately constituted shelter and food bank entities that are otherwise eligible may apply for an EIDL loan.

**11. What kind of records do I need to keep if I’m applying for a PPP loan?**

You should implement policies and procedures to ensure that PPP loan disbursements are used in compliance with the CARES Act and to maintain accurate and accessible records pertaining to the PPP loan in your files. The office of the Special Inspector General for Pandemic Recovery (“SIGPR”) has broad oversight over the use of stimulus funds and has the power to conduct investigations regarding the making of loans. Among other things, you should implement internal control measures to track and document the use of the PPP loan proceeds and keep accurate and complete records concerning the PPP loan disbursements in case you are audited by the SIGPR.