



This bulletin is an excerpt from the FAQ document developed by the Small Business Administration (SBA) at <https://www.sba.gov/sites/default/files/2020-04/SBA%20Faith-Based%20FAQ%20Final.pdf>. This bulletin was developed to assist Faith Based Organizations identify and understand the availability and eligibility for funding related to the COVID 19. This is not a fully comprehensive document. To receive fully comprehensive guidelines or for help with applying for a Disaster Loan, call 1-800-659-2955 or email disastercustomerservice@sba.gov. You can also use a text telephone (TTY) by calling 1-800-877-8339 or apply online on the SBA website at <https://www.sba.gov/>

SBA PAYCHECK PROTECTION PROGRAM (PPP) and ECONOMIC INJURY DISASTER LOAN PROGRAM (EIDL) LOANS

▶ Are faith-based organizations, including houses of worship, eligible to receive SBA loans under the PPP and EIDL programs?

Yes, and faith-based organizations are eligible to receive SBA loans regardless of whether they provide religious or secular social services. The CARES Act explicitly makes nonprofit entities eligible for the PPP program and it does so without regard to whether nonprofit entities provide religious or secular social services.

▶ Are there any limitations on how faith-based organizations can use the PPP and EIDL loan money they receive?

Only the same limitations that apply to all other recipients of these loans. The PPP and EIDL loan programs are neutral, generally applicable loan programs that provide support for nonprofit organizations without regard to whether they are religious or secular. The CARES Act has provided those program funds as part of the efforts to respond to the economic dislocation threatened by the COVID-19 public health emergency.

▶ How will churches qualify if they have not been informed of tax-exempt status by the IRS? Do organizations have to request and receive tax exempt status or just meet the requirements of 501(c)(3) status to be eligible?

Churches (including temples, mosques, synagogues, and other houses of worship), integrated auxiliaries of churches, and conventions or associations of churches qualify for PPP and EIDL loans as long as they meet the requirements of Section 501(c)(3) of the Internal Revenue Code, and all other PPP and EIDL eligibility requirements. Such organizations are not required to apply to the IRS to receive tax-exempt status.

▶ Will my organization be sacrificing its autonomy or its First Amendment or statutory rights if it requests and receives a loan?

No. Simply put, a faith-based organization that receives a loan will retain its independence, autonomy, right of expression, religious character, and authority over its governance, and no faith-based organization will be excluded from receiving funding because leadership with, membership in, or employment by that organization is limited to persons who share its religious faith and practice.

▶ What legal requirements will be imposed on my organization as a result of our receipt of this Federal financial assistance? Will those requirements cease to apply when the loan is either repaid in full or forgiven?

Receipt of a loan through any SBA program constitutes Federal financial assistance and carries with it the application of certain nondiscrimination obligations. Any legal obligations that you incur through your receipt of this loan are not permanent, and once the loan is paid or forgiven, those nondiscrimination obligations will no longer apply. As discussed in Question 4, 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.

▶ 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. If 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. Please call the SBA and receive guidance before applying for your loan.

▶ Does my faith-based organization need to apply for this exemption or include any documentation of its religious beliefs or practices to fall within this affiliation exemption?

No, specific process or detailed filing is necessary to claim the benefit of this exemption. If you believe that your organization qualifies for this exemption to the affiliation rules, you should submit with your loan application a separate sheet stating as much. That sheet may be identified as addendum A, and no further listing of the other organizations with which your organization is affiliated, or description of the relationship to those organizations, is required. You are not required to describe your religious beliefs. A sample "Addendum A" is below, but you may choose to write your own. Your statement can be very simple.

▶ SAMPLE AFFILIATION EXEMPTION STATEMENT

ADDENDUM A

The Applicant claims an exemption from all SBA affiliation rules applicable to Paycheck Protection Program loan eligibility because the Applicant has made a reasonable, good faith determination that the Applicant qualifies for a religious exemption under 13 C.F.R. 121.103(b) (10), which says that "[t]he relationship of a faith-based organization to another organization is not considered an affiliation with the other organization . . . if the relationship is based on a religious teaching or belief or otherwise constitutes a part of the exercise of religion.

▶ How do I know where my organization fits in SBA's size standards table? Should I use the table to determine whether my organization is a small business that is eligible to participate in the PPP program?

Under the CARES Act, a non-profit organization qualifies as small, and is eligible for assistance, if (1) it has no more than 500 **employees** or (2) the NAICS code associated with its primary industry has a higher employee-based size standard. Faith-based nonprofit organizations that do not fall under a primary industry that is listed with an **employee-based** size standard must have 500 employees or fewer to be considered small.