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THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT

SUPPORT FOR PLACES OF WORSHIP

Nonprofits and places of worship with fewer than 500 employees:

The CARES Act makes nonprofits, including places of worship if they are established as 501(c)(3)s, eligible to receive the Small Business Administration's (SBA) 7(a) loans and increases funding for these loans to \$350 billion to ensure this critical small business lending program can continue to provide support to nonprofits, places of worship and small businesses in Michigan. The bill also includes \$10 billion for SBA emergency grants to provide immediate relief to nonprofits and small business operating costs as well as \$17 billion for SBA to cover six months of payments for nonprofits with existing SBA loans. In addition, the bill expands how this funding can be used to each nonprofits' specific need — whether that's ensuring they can be used for payroll support, such as employee salaries — paid sick or medical leave — or mortgage payments.

SBA 7(a) LOANS

Who is eligible for the loans?

Certain nonprofits, places of worship and small businesses with fewer than 500 employees are generally eligible, with some exceptions. Self-employed workers and gig workers, such as drivers for ride-sharing apps, are also able to apply for loans. Borrowers will need to have been in business as of Feb. 15, 2020, and paid employee salaries and payroll taxes, or paid independent contractors.

What types of non-profits are eligible?

In general, 501(c)(3) and 501(c)(19) non-profits with 500 employees or fewer as most non-profit SBA size standards are based on employee count, not revenue.

What kind of credit profile do I need to borrow?

The main underwriting standards for eligibility will be proof of payroll costs, and will be significantly relaxed compared with 7(a) loans issued during typical times. The SBA is expected to release detailed guidelines in coming days on underwriting and application criteria.

How do I apply?

The SBA guarantees the loans, so borrowers will need to apply through banks, credit unions and other lenders. Approximately 1,800 private lenders are already approved to issue 7(a) loans, and the Treasury Department plans to issue new regulations that will make it possible for almost all FDIC-insured banks to make SBA loans soon. **Simply put, the best thing to do is to contact your lender, whether it is a community bank, credit union, or other financial institution, and inquire about applying for a 7(a) small business loan.**



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How long will it take to get the money?

The Treasury Department expects that soon it have a simple process where these can be made and disbursed in the same day.

How much money can I apply for?

The legislation raises the maximum 7(a) loan amount to \$10 million from \$5 million, and instructs lenders to determine the proper loan amount by using a formula that takes into account a business's past payroll expenses. The bill also sets the maximum interest rate for these loans at 4% and allows borrowers to defer payments for six months to a year.

What if I can't repay the loan?

There is a loan forgiveness component included in the bill for businesses that retain their workers or rehire ones that were laid off. Those businesses would be eligible for forgiveness on portions of their loans used for certain costs—including payroll, rent payment, mortgage obligations and utilities—that are incurred during an 8-week period starting on the loan's origination date. The amount of forgiveness will take into account the number of workers retained or rehired. **Nonprofits and places of worship, if eligible, can use 7(a) loans for payroll for two months and have the loan forgiven.**

Nonprofits and places of worship with 500-10,000 employees:

What resources are available for mid-sized companies, nonprofits and places of worship with over 500 employees?

The CARES Act includes a provision to authorize the Exchange Stabilization Fund to allow any mid-sized company or nonprofit to get access to quick, low cost, government guaranteed credit through their local lender or financial institution.

Who is eligible to receive money from the ESF?

Businesses and nonprofits with between 500-10,000 employees are eligible to access the Exchange Stabilization Fund in addition to states and localities.

How much money is available in the ESF?

The CARES Act puts \$454 billion for loans, loan guarantees, and investments in support of the Federal Reserve's lending facilities to eligible businesses, states, and municipalities into the ESF.

What are the loans like?

The loans are fully federally guaranteed and capped at a 2% interest rate.

How can I access this money?

The Treasury will be purchasing loans from normal financial institutions and guaranteeing them through the ESF. Therefore, if you are interested in receiving a loan from the ESF, cities and local municipalities are encouraged to contact their lender, whether it is a community bank, credit union, or other financial institution.



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Support for nonprofits and places of worship of Any Size:

ECONOMIC INJURY DISASTER LOANS AND EMERGENCY ECONOMIC INJURY GRANTS

The CARES Act includes \$10 billion in funding for a provision to provide an advance of \$10,000 to nonprofits and small businesses that apply for an SBA economic injury disaster loan (EIDL) within three days of applying for the loan. EIDLs are loans of up to \$2 million that carry interest rates up to 2.75 percent for nonprofits and up to 3.75 percent for companies, as well as principal and interest deferment for up to 4 years. The loans may be used to pay for expenses that could have been met had the disaster not occurred, including payroll and other operating expenses.

The EIDL grant does not need to be repaid, even if the grantee is subsequently denied an EIDL, and may be used to provide paid sick leave to employees, maintaining payroll, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments. Eligible grant recipients must have been in operation on January 31, 2020. The grant is available to nonprofits, small businesses, proprietors and independent contractors, tribal businesses, as well as cooperatives and employee-owned businesses.

You can apply for EIDL loans and Emergency Economic Injury Grants [here](#).

EMERGENCY UNEMPLOYMENT RELIEF

Allows self-funded nonprofits to be reimbursed for half their incurred unemployment benefit costs through December 31, 2020.

Benefits for Donors:

CHARITABLE DEDUCTIONS

Non-itemizers: Currently, only people who itemize their taxes can claim charitable deductions. The CARES Act will allow non-itemizers a one-time, above-the-line deduction, up to \$300 in cash giving for the 2020 tax year.

Itemizers: The bill will suspend the normal limit on deductions for contributions for 2020. It will increase the limit from 50 percent of adjusted gross income (AGI) or 60 percent for cash to 100%. For corporations, the limit is ordinarily 10 percent of AGI, now increased to 25 percent for 2020. Food donations from corporations would be available to 25 percent, up from the current 15 percent cap.

Additional Unemployment and Work Share Resources:

PANDEMIC UNEMPLOYMENT ASSISTANCE

If you are a self-employed worker or do not have a long enough work history to qualify for regular state unemployment insurance, you may now be eligible for federal Pandemic Unemployment Assistance thanks to provisions I secured in the CARES Act. You may even be able to receive benefits retroactively if you lost pay due to Coronavirus after it was declared a public health emergency declared on January 27, 2020.



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Examples of workers eligible for Pandemic Unemployment Assistance include:

- Independent contractors
- Gig economy or freelance workers
- Small business owners
- Temporary or seasonal workers
- Workers who have just started or were about to start a job

Qualifying experiences for Pandemic Unemployment Assistance include:

- A Coronavirus diagnosis or symptoms of Coronavirus
- A member of the household diagnosed with Coronavirus
- Providing care for a family member with Coronavirus
- Caring for a child due to a school or child care closure
- Not being able to reach your place of employment due to a quarantine, a request to self-quarantine, or because the place of employment is closed for reasons related to Coronavirus

Increase in unemployment benefit amounts:

If you are receiving state unemployment insurance or federal Pandemic Unemployment Assistance, you are eligible to receive an additional \$600 in weekly benefits up until July 31, 2020.

Extension of unemployment benefits

State unemployment insurance and Pandemic Unemployment Assistance will be available for an additional 13 weeks, which will be funded by the federal government. Under Governor Whitmer's executive order and under Pandemic Unemployment Assistance in this package, this means a total of 39 weeks rather than 26 weeks.

Applying for benefits: Both the federally funded unemployment assistance and state unemployment insurance benefits will be administered by the Michigan Unemployment Insurance Agency.

Contact info for Michigan Unemployment Insurance Agency:

https://www.michigan.gov/leo/0,5863,7-336-78421_97241---,00.html

Work share program support: Work sharing or “cost-sharing” programs allow employers to reduce hours for their employees in order to keep more workers on payroll. Employees receive unemployment benefits to help make up for reduced paycheck. For states with work sharing program options, like Michigan, the federal government will reimburse the state 100 percent for this program. Through executive order, Governor Whitmer expanded the Michigan's Work Share Program. The federal stimulus package will help support our state carry out this option for businesses and employees.

For more information on Michigan's Work Share Program:

https://www.michigan.gov/documents/uia/156_-_Shared_work_fact_sheet_letter_426209_7.pdf

If you have any additional questions about the federal resources available, please go to www.peters.senate.gov/coronavirus.