



**GUIDANCE FOR UNITED METHODIST LOCAL CHURCHES ON THE
PAYCHECK PROTECTION PROGRAM BORROWER APPLICATION FORM¹**

Updated: May 13, 2020²

January 2021 update: Before determining whether your organization is eligible for a PPP loan, or the extent to which a PPP loan is forgivable, please see the [2021 CAA PPP Loan Extension document](#) for important updated information (as of January 21, 2021) about how the December 2020 COVID-19 relief bill changed certain PPP rules.

PAGE ONE

APPLICANT INFORMATION

- A** United Methodist local churches should select the “501(c)(3) nonprofit” option.
- B** If the local church is incorporated, enter the name of the corporation. If the local church is not incorporated, enter the name it uses for other official documents (such as the name shown on IRS Form W-2).
- C** This should be the primary address used by the church.
- D** This must be the EIN of the local church, issued to it by the Internal Revenue Service. Do not use the EIN of any other entity, including the annual conference’s EIN or GCFA’s current or prior EIN.³ Using the wrong EIN could lead to a delay in the processing of the application. If a local church is unsure of its EIN, it can be found on the original EIN issuance letter the local church received from the Internal Revenue Service and on forms filed with the Internal Revenue Service (such as a Forms W-2, 1099, or 941).
- E** Enter a phone number the lender can use to reach the “Primary Contact” named in the application.
- F** This could be, but may not be required to be, the same individual as the “authorized representative” who signs the application. Regardless, the individual listed here should be someone who is able to respond to any inquiries from the lender.
- G** Enter an email address the lender can use to reach the “Primary Contact” named in the application.
- H** Average monthly payroll costs can be calculated using the following steps:
 - Step 1: Calculate total “Payroll Costs” (defined in detail below) from the previous twelve months or from calendar year 2019 for all employees in the United States.*

¹ All references in these guidelines are to the model SBA application attached as Exhibit A. Banks may have their own versions/formats of the application, but which should cover the same areas and include the same language.

² The most recent update provides additional information regarding the requirement to certify that “current economic uncertainty makes [the] loan request necessary to support the ongoing operations of the Applicant.”

³ GCFA’s prior EIN is 36-2167731. If a local church believes it may be using GCFA’s current EIN, it should contact GCFA’s Legal Services Department at legal@gcfa.org.

Step 2: Subtract any compensation paid to an employee in excess of an annual salary of \$100,000.

Step 3: Divide the amount from Step 2 by 12.

Payroll Costs include:

- Salaries, wages, commissions, or similar compensation;
- Payment of cash tips or equivalents;
- Vacation, parental, family medical, or sick leave;
- Severance payments;
- Health care benefits, including insurance premiums;
- Retirement benefits; and
- State or local tax assessed on said compensation.

Payroll Costs do **NOT** include:

- The employer's share of FICA;⁴
- Compensation in excess of an annual salary of \$100,000 paid to any employee;
- Compensation of any employee whose principal residence is outside the US; or
- Qualified sick and family leave wages covered by tax credits under the Families First Coronavirus Response Act (FFCRA).

Clergy Salary. Our view is that salary of United Methodist clergy should be included in Payroll Costs, as such clergy are treated as employees for income tax purposes and are issued a Form W-2 to report their compensation. This distinguishes them from “independent contractors” which, according to SBA guidance are issued Forms 1099-MISC to report their compensation and are not to be treated by loan applicants as employees (because the independent contractors themselves may apply for a PPP loan). United Methodist clergy are unlikely be treated as independent contractors and be eligible for a PPP loan if they were to apply. These differences from independent contractors or other self-employed individuals may be unknown to banks and their employees. If a bank states the salary a local church pays to its pastor cannot be included in Payroll Costs, explaining that United Methodist pastors are treated as self-employed only for social security and Medicare purposes might help get a different answer from the bank. Ultimately, it may become necessary for the local church to apply for a loan from a different bank.

Clergy Housing Allowance. Our view is the housing allowance provided by a local church to its pastor is appropriately included when calculating Payroll Costs. A housing allowance paid to a clergyperson is part of his or her compensation. This portion of the compensation happens to be designated as a housing allowance for purposes of income tax exclusion, but it remains part of the clergyperson's compensation. Other items that are exempt from income taxation, such as group health plan premiums and pre-tax elective deferrals to retirement plans, are included in Payroll Costs. That a housing allowance is potentially

⁴ See question 16 in the SBA's [FAQ for Lenders and Borrowers](#) for additional guidance and examples.

nontaxable would thus not appear to automatically exclude it from the scope of Payroll Costs. The SBA's [FAQ for Lenders and Borrowers](#) states "the cost of a housing stipend or allowance provided to an employee as part of compensation" is included in the definition of Payroll Costs. Before that answer was added to the FAQ, there was anecdotal evidence that some lenders had taken the position that a housing allowance should not be included, as it is not expressly described in the CARES Act or in the SBA regulations. How this is treated may vary from bank to bank, and some may still argue that a housing allowance provided to clergy cannot be included, even though the FAQ does not include such a limitation. If a local church is able to include the amount of a housing allowance in its calculation of Payroll Costs, it is important to remember that the inclusion of the combined salary and housing allowance paid to a single employee would be subject to the \$100,000 limit. *Note that the rental value of an in-kind parsonage or church-paid utilities should not be considered Payroll Costs.*

Costs of Other Benefits. It appears that other employer provided benefits, such as death and disability benefits under the UMC's Comprehensive Protection Plan (CPP) for clergy or UMLifeOptions for lay employees, are not included in Payroll Costs.

- I** Enter the local church's loan request amount, which cannot exceed the amount determined using the following steps, or \$10,000,000, whichever is less:

Step 4: Multiply the average monthly Payroll Costs from Step 3 (above) by 2.5.

Step 5: Add the outstanding amount of an Economic Injury Disaster Loan (EIDL) received between January 31, 2020 and April 3, 2020, less the amount of any "advance" under an EIDL COVID-19 loan (because it does not have to be repaid). *This step is unlikely to apply to local churches.*

- J** Enter the local church's total number of employees at the end of 2019.

- K** Select all of the purposes for which the loan proceeds will be used. Keep in mind that no more than 25% should be used for non-payroll purposes if the local church wishes for the full amount of the loan to be forgiven.

- L** Generally, local churches and other nonprofit organizations do not have equity owners. It may be reasonable to enter "**NA – Nonprofit Organization**" here, "**Not Applicable**," or something similar. This may require printing an online form to hand-write this type of response into this field.

QUESTIONS

- 1** Unless the local church is in bankruptcy, the answer should be "**No.**"
- 2** Unless the local church, or a business owned or controlled by the local church (like a daycare, foundation, or other social services ministry – see Question 3 below), previously

has obtained a loan from the SBA that is delinquent or in default, the answer should be “No.”

- 3 Most local churches should be able to answer “No.” However, some local churches may be affiliated with a daycare center or on site or closely related social services ministry, while others may have an affiliated foundation.

What the application generally means by “affiliated” is that if the local church has day-to-day control or influence over another organization for non-religious-based reasons, such as administrative convenience or common management, then such other organization would be “affiliated” with the local church. However, if the local church is associated with another organization for theological and connectional reasons (*e.g.*, reflecting a historical relationship, shared mission, or to preserve ecclesiastical oversight of the organization), the local church would not be treated as being affiliated with the organization for the purposes of this application. The SBA and participating lenders will not independently assess the reasonableness of a local church’s good-faith determination that it is not affiliated within another organization.

If a local church is affiliated with other organizations, the answer to this question would be “Yes,” and the employees of the affiliated organizations should be included in the count in Box J, which could impact whether the local church has 500 or fewer employees.

Applicants related to other faith-based organizations based on religious polity or doctrine may want to include the following text in a separate document attached to the application:

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.”

- 4 Unless the local church has applied for an EIDL during the relevant dates, the answer should be “No.”
- 5 A local church is not an individual applicant, and it does not have any owners, so the answer to this question should be “No.” The authorized representative who signs the application should initial here.
- 6 Again, a local church is not an individual applicant and has no owners, so the answer here should be “No.” The authorized representative who signs the application should initial here.

- 7 Expenses for employees whose principal residence is outside the United States cannot be included in the calculation of Payroll Costs for PPP loans. As long as the local church has not included any such expenses in its calculation, the answer should be “**Yes.**”
- 8 A local church would not be associated with a franchise listed in the directory, so answer “**No.**”

PAGE TWO⁵

CERTIFICATIONS

- M** If a local church’s pastor is its only paid employee, and if the pastor has not elected to do voluntary income tax withholding, that local church is technically not paying or submitting payroll taxes. However, the church should still certify here, while being prepared to explain why it does not collect and remit payroll taxes. A copy of a letter from the Internal Revenue Service stating a local church does not need to file a Form 941 in such a circumstance is attached as Exhibit B.
- N** There is no general definition as to what is required for an applicant to make this certification in good faith. However, the SBA has stated that borrowers who receive a loan that is less than \$2 million will be deemed to have made this certification in good faith. Borrowers who receive larger loans will be subject to review by the SBA, and that review could assess the legitimacy of this certification. While the standards for such a review are not yet available, should the SBA determine a borrower did not make this certification in good faith, the borrower will have the opportunity to repay the loan as a means to avoid any other administrative enforcement actions.⁶
- O-S** The local church should be prepared to comply with all requirements expressed in these certifications. The local church should also ensure it is retaining all documentation needed to support not only the application, but also to support the use of any funds received and any subsequent request for loan forgiveness. It may be advisable for local churches who receive PPP loans to deposit the proceeds in a bank account separate from other local church accounts, to isolate the loan funds from other local church finances in the unlikely event that the government was to seek an audit.
- T** The authorized representative should understand that the lending bank will rely in good faith on documentation submitted by the local church; and that the bank can share that information with government agencies charged with oversight of the program.

⁵ The certifications should be initialed by the authorized representative who signs at the bottom of the page.

⁶ This information comes from Question and Answer #46 in the SBA’s [FAQ for Lenders and Borrowers](#), which was added on May 13.

U The local church's own bylaws or policies⁷ may indicate the individual who should sign the application as the local church's authorized representative. In the absence of clear policy, the chair of the trustees, chair of the church council, or the lead pastor may be reasonable choices as the authorized representative of the local church.⁸

PAGE FOUR

FREEDOM OF INFORMATION ACT

As noted on page 4 of the PPP loan application, certain information submitted to the SBA or otherwise relating to a PPP loan is subject to disclosure to third parties upon request pursuant to the Freedom of Information Act ("FOIA"). Applicants should consider requesting confidential treatment for all materials submitted in connection with a PPP loan application and marking such materials as confidential, including:

- Payroll cost calculations,
- Financial statements and other required tax or financial submissions,
- Descriptions of affiliate relationships, and
- Other written or financial information.

Although the SBA may independently decide if information is confidential commercial information if not so marked, marking such materials as confidential is advisable. Applicants wishing to designate information as confidential information should include something like the following header and disclosure paragraph on each item submitted to SBA.

Sample header/footer to include on each page:

*Contains Confidential Commercial Information
FOIA-Exempt Treatment Requested*

Sample disclosure paragraph to include on first page:

Applicant's information submitted in connection with its application, or thereafter, relating to payroll costs, financial information, taxes, and affiliates (if any) **constitutes confidential commercial information**, the release of which would cause substantial harm to the Applicant, and/or its affiliates. This information is not available to the public. Accordingly, Applicant respectfully requests that the SBA exempt all such information from public disclosure under Exemption 4 of the Freedom of Information Act ("FOIA"), 5 U.S.C. § 552, and 13 C.F.R. § 102.7, and any other applicable laws or regulations. Additionally, Applicant respectfully

⁷ A bank may request a copy of the local church's bylaws. If the local church has adopted its own set of bylaws, those should be provided. If it has not, the local church could provide copies of ¶¶ 243-258 of *The Book of Discipline*, which effectively serve as the local church's bylaws.

⁸ The local church may be asked to produce a resolution or similar document authorizing the loan application and/or verifying the authority of the authorized representative, which may require the local church to hold a charge conference or church council meeting.

requests that the SBA notify it in the event of any request for disclosure of all or any portion of this submission pursuant to FOIA or other laws or regulations.

CIVIL RIGHTS

Some have expressed concerns that receiving a PPP would subject churches to greater governmental oversight. Organizations that receive federal funds, like grants, might be subject to certain employment nondiscrimination requirements that might conflict with religious beliefs, along with additional financial and disclosure requirements. Notably, the SBA included the following in its regulations:

All loans guaranteed by the SBA pursuant to the CARES Act will be made consistent with constitutional, statutory, and regulatory protections for religious liberty, including the First Amendment to the Constitution, the Religious Freedom Restoration Act, and SBA regulation[s]..., which provides: “Nothing in SBA nondiscrimination regulations shall apply to a religious corporation, association, educational institution or society with respect to the membership or the employment of individuals of a particular religion to perform work connected with the carrying on by such corporation, association, educational institution or society of its religious activities.” SBA intends to promptly issue additional guidance with regard to religious liberty protections under this program.

In addition, the [FAQ for faith-based organizations](#) states, generally: (1) faith-based organizations are exempt as to their own employment and membership decisions; (2) faith-based organizations are not exempt as to their provision of goods, services, or accommodations to the public; (3) these nondiscrimination obligations cease to apply when the loan is repaid or forgiven; and (4) the SBA will not apply its nondiscrimination regulations in a way that imposes substantial burdens on religious exercise.

Due to some of the conditions that tend to accompany accepting “federal financial assistance,” such as audit requirements, legal counsel is advisable.

The information above should not be considered legal or tax advice. Local churches or other UMC employers should consult with counsel in considering the application of the rules and regulations regarding PPP loans to their circumstances.



Paycheck Protection Program Borrower Application Form

Check One: Sole proprietor, Partnership, C-Corp, S-Corp, LLC, Independent contractor, Eligible self-employed individual, 501(c)(3) nonprofit, 501(c)(19) veterans organization, Tribal business, Other. DBA or Tradename if Applicable. Business Legal Name. Business Address. Business TIN (EIN, SSN). Business Phone. Primary Contact. Email Address.

Average Monthly Payroll: \$ H x 2.5 + EIDL, Net of Advance (if Applicable) Equals Loan Request: \$ I Number of Employees: J Purpose of the loan (select more than one): K Payroll, Lease / Mortgage Interest, Utilities, Other (explain):

Applicant Ownership

List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

Table with 5 columns: Owner Name, Title, Ownership %, TIN (EIN, SSN), Address. Row L.

If questions (1) or (2) below are answered "Yes," the loan will not be approved.

Table with 3 columns: Question, Yes, No. 4 questions regarding applicant status and loan history.

If questions (5) or (6) are answered "Yes," the loan will not be approved.

Table with 3 columns: Question, Yes, No. 4 questions regarding criminal records, residence, and franchise status.



Paycheck Protection Program
Borrower Application Form

By Signing Below, You Make the Following Representations, Authorizations, and Certifications

CERTIFICATIONS AND AUTHORIZATIONS

I certify that:

- I have read the statements included in this form, including the Statements Required by Law and Executive Orders, and I understand them.
The Applicant is eligible to receive a loan under the rules in effect at the time this application is submitted that have been issued by the Small Business Administration (SBA) implementing the Paycheck Protection Program under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (the Paycheck Protection Program Rule).
The Applicant (1) is an independent contractor, eligible self-employed individual, or sole proprietor or (2) employs no more than the greater of 500 or employees or, if applicable, the size standard in number of employees established by the SBA in 13 C.F.R. 121.201 for the Applicant's industry.
I will comply, whenever applicable, with the civil rights and other limitations in this form.
All SBA loan proceeds will be used only for business-related purposes as specified in the loan application and consistent with the Paycheck Protection Program Rule.
To the extent feasible, I will purchase only American-made equipment and products.
The Applicant is not engaged in any activity that is illegal under federal, state or local law.
Any loan received by the Applicant under Section 7(b)(2) of the Small Business Act between January 31, 2020 and April 3, 2020 was for a purpose other than paying payroll costs and other allowable uses loans under the Paycheck Protection Program Rule.

For Applicants who are individuals: I authorize the SBA to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for programs authorized by the Small Business Act, as amended.

CERTIFICATIONS

The authorized representative of the Applicant must certify in good faith to all of the below by initialing next to each one:

- M The Applicant was in operation on February 15, 2020 and had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on Form(s) 1099-MISC.
N Current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.
O The funds will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments, as specified under the Paycheck Protection Program Rule; I understand that if the funds are knowingly used for unauthorized purposes, the federal government may hold me legally liable, such as for charges of fraud.
P The Applicant will provide to the Lender documentation verifying the number of full-time equivalent employees on the Applicant's payroll as well as the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight-week period following this loan.
Q I understand that loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities, and not more than 25% of the forgiven amount may be for non-payroll costs.
R During the period beginning on February 15, 2020 and ending on December 31, 2020, the Applicant has not and will not receive another loan under the Paycheck Protection Program.
S I further certify that the information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects. I understand that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.
T I acknowledge that the lender will confirm the eligible loan amount using required documents submitted. I understand, acknowledge and agree that the Lender can share any tax information that I have provided with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

Signature of Authorized Representative of Applicant

Date

Print Name

Title



Paycheck Protection Program Borrower Application Form

EXHIBIT A
3 of 4

Purpose of this form:

This form is to be completed by the authorized representative of the Applicant and *submitted to your SBA Participating Lender*. Submission of the requested information is required to make a determination regarding eligibility for financial assistance. Failure to submit the information would affect that determination.

Instructions for completing this form:

With respect to “purpose of the loan,” payroll costs consist of compensation to employees (whose principal place of residence is the United States) in the form of salary, wages, commissions, or similar compensation; cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips); payment for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement; payment of state and local taxes assessed on compensation of employees; and for an independent contractor or sole proprietor, wage, commissions, income, or net earnings from self-employment or similar compensation.

For purposes of calculating “Average Monthly Payroll,” most Applicants will use the average monthly payroll for 2019, excluding costs over \$100,000 on an annualized basis for each employee. For seasonal businesses, the Applicant may elect to instead use average monthly payroll for the time period between February 15, 2019 and June 30, 2019, excluding costs over \$100,000 on an annualized basis for each employee. For new businesses, average monthly payroll may be calculated using the time period from January 1, 2020 to February 29, 2020, excluding costs over \$100,000 on an annualized basis for each employee.

If Applicant is refinancing an Economic Injury Disaster Loan (EIDL): Add the outstanding amount of an EIDL made between January 31, 2020 and April 3, 2020, less the amount of any “advance” under an EIDL COVID-19 loan, to Loan Request as indicated on the form.

All parties listed below are considered owners of the Applicant as defined in 13 CFR § 120.10, as well as “principals”:

- For a sole proprietorship, the sole proprietor;
- For a partnership, all general partners, and all limited partners owning 20% or more of the equity of the firm;
- For a corporation, all owners of 20% or more of the corporation;
- For limited liability companies, all members owning 20% or more of the company; and
- Any Trustor (if the Applicant is owned by a trust).

Paperwork Reduction Act – You are not required to respond to this collection of information unless it displays a currently valid OMB Control Number. The estimated time for completing this application, including gathering data needed, is 8 minutes. Comments about this time or the information requested should be sent to : Small Business Administration, Director, Records Management Division, 409 3rd St., SW, Washington DC 20416., and/or SBA Desk Officer, Office of Management and Budget, New Executive Office Building, Washington DC 20503.

Privacy Act (5 U.S.C. 552a) – Under the provisions of the Privacy Act, you are not required to provide your social security number. Failure to provide your social security number may not affect any right, benefit or privilege to which you are entitled. (But see Debt Collection Notice regarding taxpayer identification number below.) Disclosures of name and other personal identifiers are required to provide SBA with sufficient information to make a character determination. When evaluating character, SBA considers the person’s integrity, candor, and disposition toward criminal actions. Additionally, SBA is specifically authorized to verify your criminal history, or lack thereof, pursuant to section 7(a)(1)(B), 15 USC Section 636(a)(1)(B) of the Small Business Act (the Act).

Disclosure of Information – Requests for information about another party may be denied unless SBA has the written permission of the individual to release the information to the requestor or unless the information is subject to disclosure under the Freedom of Information Act. The Privacy Act authorizes SBA to make certain “routine uses” of information protected by that Act. One such routine use is the disclosure of information maintained in SBA’s system of records when this information indicates a violation or potential violation of law, whether civil, criminal, or administrative in nature. Specifically, SBA may refer the information to the appropriate agency, whether Federal, State, local or foreign, charged with responsibility for, or otherwise involved in investigation, prosecution, enforcement or prevention of such violations. Another routine use is disclosure to other Federal agencies conducting background checks but only to the extent the information is relevant to the requesting agencies’ function. See, 74 F.R. 14890 (2009), and as amended from time to time for additional background and other routine uses. In addition, the CARES Act, requires SBA to register every loan made under the Paycheck Protection Act using the Taxpayer Identification Number (TIN) assigned to the borrower.

Debt Collection Act of 1982, Deficit Reduction Act of 1984 (31 U.S.C. 3701 et seq. and other titles) – SBA must obtain your taxpayer identification number when you apply for a loan. If you receive a loan, and do not make payments as they come due, SBA may: (1) report the status of your loan(s) to credit bureaus, (2) hire a collection agency to collect your loan, (3) offset your income tax refund or other amounts due to you from the Federal Government, (4) suspend or debar you or your company from doing business with the Federal Government, (5) refer your loan to the Department of Justice, or (6) foreclose on collateral or take other action permitted in the loan instruments.

Right to Financial Privacy Act of 1978 (12 U.S.C. 3401) – The Right to Financial Privacy Act of 1978, grants SBA access rights to financial records held by financial institutions that are or have been doing business with you or your business including any financial



Paycheck Protection Program Borrower Application Form

institutions participating in a loan or loan guaranty. SBA is only required provide a certificate of its compliance with the Act to a financial institution in connection with its first request for access to your financial records. SBA's access rights continue for the term of any approved loan guaranty agreement. SBA is also authorized to transfer to another Government authority any financial records concerning an approved loan or loan guarantee, as necessary to process, service or foreclose on a loan guaranty or collect on a defaulted loan guaranty.

Freedom of Information Act (5 U.S.C. 552) – Subject to certain exceptions, SBA must supply information reflected in agency files and records to a person requesting it. Information about approved loans that will be automatically released includes, among other things, statistics on our loan programs (individual borrowers are not identified in the statistics) and other information such as the names of the borrowers (and their officers, directors, stockholders or partners), the collateral pledged to secure the loan, the amount of the loan, its purpose in general terms and the maturity. Proprietary data on a borrower would not routinely be made available to third parties. All requests under this Act are to be addressed to the nearest SBA office and be identified as a Freedom of Information request.

Occupational Safety and Health Act (15 U.S.C. 651 et seq.) – The Occupational Safety and Health Administration (OSHA) can require businesses to modify facilities and procedures to protect employees. Businesses that do not comply may be fined, forced to cease operations, or prevented from starting operations. Signing this form is certification that the applicant, to the best of its knowledge, is in compliance with the applicable OSHA requirements, and will remain in compliance during the life of the loan.

Civil Rights (13 C.F.R. 112, 113, 117) – All businesses receiving SBA financial assistance must agree not to discriminate in any business practice, including employment practices and services to the public on the basis of categories cited in 13 C.F.R., Parts 112, 113, and 117 of SBA Regulations. All borrowers must display the "Equal Employment Opportunity Poster" prescribed by SBA.

Equal Credit Opportunity Act (15 U.S.C. 1691) – Creditors are prohibited from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status or age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

Debarment and Suspension Executive Order 12549; (2 CFR Part 180 and Part 2700) – By submitting this loan application, you certify that neither the Applicant or any owner of the Applicant have within the past three years been: (a) debarred, suspended, declared ineligible or voluntarily excluded from participation in a transaction by any Federal Agency; (b) formally proposed for debarment, with a final determination still pending; (c) indicted, convicted, or had a civil judgment rendered against you for any of the offenses listed in the regulations or (d) delinquent on any amounts owed to the U.S. Government or its instrumentalities as of the date of execution of this certification.



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF
CHIEF COUNSEL

JUN 9 1997

David A. Ullrich, Esq.
Associate General Counsel
General Council on Finance
and Administration
The United Methodist Church
1200 Davis Street
Evanston, IL 60201-4193

Dear Mr. Ullrich:

This is in response to your letter of February 25, 1997. Specifically, you have asked for confirmation that a United Methodist church with one minister and no other staff is not required to file a Form 941.

If the minister is the church's only employee, the church is not required to file Form 941 because ministers are exempt from income tax withholding and are treated as self-employed for Federal Insurance Contributions Act (FICA) tax purposes. Therefore, unless the church has other employees or the minister has elected voluntary income tax withholding, no Form 941 is required.

We hope you find this information helpful.

Sincerely,

A handwritten signature in cursive script that reads "Jerry E. Holmes".

JERRY E. HOLMES
Chief, Branch 2
(Employee Benefits and
Exempt Organizations)