CARES Act provides multiple forms of financial assistance

On Friday, March 27, 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was enacted to provide relief for American workers and small businesses impacted by the unprecedented economic disruption due to the Coronavirus (COVID-19).

Click the icons below to move to the respective topic.

**SBA Assistance including Paycheck Protection Program (PPP)**

The CARES Act authorized the SBA to help small businesses with working capital loans, advances, bridge loans, and other debt relief options, pending available funds. For more information, read the: [Small Business Guide to the CARES Act](#).

**Federal Reserve Assistance: Main Street Lending Program**

Main Street Lending Program provides up to $600B for funding under the CARES Act. Mid-sized businesses may be eligible for a new loan ranging from $1 million to $25 million, or upsize an existing loan to up to $150 million.

**Payroll Tax Credit and Payment Deferment Programs**

Options exist under both the CARES Act and the Families First Coronavirus Response Act for payroll tax credits to assist with retaining employees and deferring certain portions of employer’s Social Security taxes and self employment taxes.

Disclaimer: The CARES Act and other funding programs and the availability of funds and options may be limited and time-sensitive. Readers should not rely on the information provided by CenturyLink or its partners, but should consult a qualified professional advisor and the relative funding programs directly. Information as of April 29, 2020.

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SBA assists small businesses with COVID-19 related financial assistance

On Friday, March 27, 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was enacted to provide relief for American workers and small businesses impacted by the unprecedented economic disruption due to the Coronavirus (COVID-19).

The CARES Act has established several temporary programs managed by the SBA to help small businesses with working capital loans, advances, bridge loans, and other debt relief options, pending available funds. For more information, read the: Small Business Guide to the CARES Act.

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<tr>
<th>Paycheck Protection Program</th>
<th>EIDL Loan and Advance</th>
<th>SBA Express Bridge Loans</th>
<th>SBA Debt Relief</th>
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<tr>
<td>The SBA Paycheck Protection Program (PPP) provides loans to small businesses to help keep their workers on the payroll.</td>
<td>SBA's Economic Injury Disaster Loans (EIDL) and forgivable Emergency Advances provide working capital loans up to $2M.</td>
<td>Quick loan access up to $25,000 via the Express Bridge Loan Pilot Program for small businesses that currently have a business relationship with an SBA Express Lender to bridge working capital gaps while applying for a direct SBA EIDL loan.</td>
<td>The SBA Debt Relief Program provides immediate financial assistance to small businesses with existing non-disaster SBA loans by covering all loan payments, including principal, interest, and fees.</td>
</tr>
<tr>
<td>Lender may forgive loan amount if borrower keeps employees on the payroll for eight weeks and loan proceeds are used for eligible expenses such as payroll, rent, or mortgage interest.</td>
<td>Through EIDL Emergency Advances SBA advance funds up to $10,000 to help small businesses overcome temporary loss of revenue due to the COVID-19 pandemic.</td>
<td>If a small business has an urgent need for cash while awaiting approval and disbursement on an EIDL, it may qualify for an SBA Express Disaster Bridge Loan.</td>
<td>This relief is not available for borrowers with either a PPP or EIDL loans. Borrowers do not need to apply for this assistance (as it may be automatically provided) but should contact their lender if they have any questions regarding this payment relief.</td>
</tr>
<tr>
<td>SBA has resumed accepting PPP applications from participating lenders on Monday, April 27, 2020 at 10:30am EDT.</td>
<td>SBA may be unable to accept new applications for the EIDL-COVID-19 related assistance program (including EIDL Advances) based on available appropriations funding.</td>
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</tr>
</tbody>
</table>

Need help? Get free business counseling.

If you need a business counselor to help guide you, you can turn to your local Small Business Development Center (SBDC), Veterans Business Outreach Center (VBOC), Women's Business Center (WBC), or SBA's resource partners such as Service Corps of Retired Executives (SCORE) centers. In addition, the Minority Business Development Agency's Business Centers (MBDCs), which cater to minority business enterprises of all sizes, can help businesses respond to COVID-19.

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treasury.gov: Overview | PPP FAQ's | SBA Programs: Overview of programs
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The SBA Paycheck Protection Program (PPP) delivers relief to small businesses which were impacted by the COVID-19 pandemic, utilizing the SBA to provide loans (that become grants under certain conditions) to small businesses, independent contractors, and self-employed individuals.

**Eligible borrowers**

Small businesses, non-profits, veterans organizations, tribal business concerns, sole-proprietors, independent contractors or self employed individuals

**Use of loan proceeds**

Payroll expenses, mortgage interest, lease, or utility payments

**Loan amount**

2.5X average monthly payroll costs*  
$10m maximum loan amount

*The borrower’s average monthly payroll costs for the previous 12 months.

**Rate / term**

1% fixed interest rate  
with deferred payments for 6 months for a 2-year term loan.

**PPP loan forgiveness**

Loan amount may be forgiven if loan proceeds are used for eligible expenses (no more than 25% of proceeds may be used for non-payroll costs) during the covered period. For more information, visit: sba.gov/funding-programs.

**Applications due June 30**

Lenders are experiencing a significant volume of applications and are eager to help their small business customers obtain relief, banks are moving now to address anticipated operational stress. Applications will be processed by Lenders on a first come, first serve basis.

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The SBA Economic Injury Disaster Loan (EIDL) and Emergency Advance includes working capital financing and an emergency grant for small businesses and non-profits (<500 employees), sole-proprietors, independent contractors, cooperatives or self employed individuals with acceptable SBA credit history, and ability to repay (in the case of EIDLs). To apply for [disasterloan.sba.gov](https://disasterloan.sba.gov).

Grant is available up to $10k, and need not be repaid if conditions are met, whereas EIDLs provide 30 year financing up to $2M with low interest rates and deferred payments for 12 months.

Eligible borrowers

- Small businesses and non-profits (<500 employees), sole-proprietors, independent contractors, cooperatives or self employed individuals with acceptable SBA credit history, and ability to repay (in the case of EIDLs). To apply for [disasterloan.sba.gov](https://disasterloan.sba.gov).

Use of loan proceeds

- Working capital needs (i.e., pay fixed debts, payroll, accounts payable, and other bills) that could have been paid had the COVID-19 national disaster not occurred. Visit: [sba.gov](https://sba.gov).
- EIDLs are not meant to finance business expansion.

Loan amount

- **$10k** maximum grant
- **$2m** maximum loan amount*

*The maximum unsecured loan amount is $25,000. Borrowers must pledge collateral to secure an EIDL loan above $25,000.

Rate / term (EIDLs only)

- **2.75%** for qualifying non-profits
- **3.75%** for qualifying small businesses

Ineligible organizations (view here on [sba.gov](https://sba.gov) for a complete list)

- Religious organizations
- Charitable organizations
- Gambling concerns (i.e., >1/3 annual revenue from gambling activities)

SBA may have limited funding for the Economic Injury Disaster Loan (EIDL) - COVID-19 related assistance program (including EIDL Emergency Advances) based on available appropriations funding. Applicants who have already submitted their applications will be processed on a first-come, first-served basis. Visit [sba.gov](https://sba.gov) for the latest updates an to apply when available.

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SBA offers Express Bridge Loans (EBL) to small businesses experiencing a temporary loss in revenue and currently in the process of applying for an SBA Economic Injury Disaster Loan (EIDL) (SBA program guidance).

Eligible borrowers
Small businesses with physical location in any of the 50 states, territories and D.C. adversely impacted by COVID-19. Company must have existing banking relationship with and may apply at an SBA Express Lender (other key requirements).

Use of loan proceeds
Exclusively to support the “survival and/or reopening” of businesses including the disbursement for working capital needs for e.g. repairs, generators. Visit: sba.gov.

Loan amount
$25k maximum loan

Rate / term
6.5% over Prime Rate as maximum rate 7 yr. maximum loan term

Other fees / guarantees
• Additional fees may include upfront guarantees, annual service, application, late payment, and other fees.
• No collateral requirements given maximum size of the loan is $25k.

SBA may have limited availability for the Express Bridge Loan Program based on available appropriations funding. Applicants who have already submitted their applications will be processed on a first-come, first-served basis. Visit sba.gov for the latest updates.

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The **SBA Debt Relief Program** offers immediate relief to small businesses with current SBA 7(a), 504 or Microloans by covering 6 months of loan payments, including principal, interest, and fees ([SBA program guidance](https://sba.gov)).

**Eligible borrowers**

Small businesses that currently hold 7(a), 504, and Microloans plus Microloans disbursed prior to September 27, 2020.

**Benefits**

SBA may pay 6 months of principal, interest, and associated fees that applicable borrowers owe. For more information, read the: [Small Business Guide to the CARES Act](https://sba.gov). Does not apply to businesses with PPP loans or EIDLs.

**Automatic application**

Borrowers do not need to apply for debt forgiveness since the SBA has contacted 7(a), 504, & Microloan lenders to notify that it may cover some borrower payments. Visit: [sba.gov](https://sba.gov).

**Additional relief**

Additional relief for current SBA Serviced Disaster (Home and Business) Loans in “regular servicing” status on March 1, 2020, for whom SBA may provide automatic deferments through December 31, 2020.

Lenders have been instructed by SBA to refrain from collecting loan payments from borrowers. If a borrower’s payment was collected after March 27, 2020, lenders were instructed to inform the borrower that they have the option of having the loan payment returned by the lender or applying the loan payment to further reduce the loan balance after SBA’s payment. Visit [sba.gov](https://sba.gov) for the latest updates.

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On April 9th, 2020 the Federal Reserve announced preliminary guidelines on additional actions to provide up to $2.7 trillion in loans to support the US economy. Aspects of this support are the creation of the New and Expanded Main Street Lending Program (MSLP), Paycheck Protection Program Liquidity Facility (PPPLF), and the Primary & Secondary Market Corporate Credit Facilities (PMCCF), as well as adjustments to the Commercial Paper Funding Facility and Term Asset-Backed Securities Loan Facility.

Notably, the Main Street Lending Program, as of the latest guidance announced April 30th, provides up to $600 billion in liquidity to participating lenders using a $75 billion investment from the Treasury appropriated under the CARES Act. You may be eligible for a new or priority loan ranging from $500K to $25 million, or upsize an existing loan by $10 million to $200 million. Borrowers may only participate in one of the 3 MSLP facilities, and may not participate in PMCCF, however they can receive both PPP loans and Main Street financing. For more information & how to apply with an approved lender, visit: federalreserve.gov.

<table>
<thead>
<tr>
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<th>Terms &amp; benefits</th>
<th>Application fee &amp; processes</th>
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<tbody>
<tr>
<td>Financial reporting implications under the programs may vary. Understanding of key accounting &amp; tax considerations that may impact entities’ financial statement will be critical.</td>
<td>Terms and benefits vary across the Fed programs. Under the Main Street Lending Program, loans will have 4-year terms, adjustable interest rates benchmarked to the Secured Overnight Financing Rate (SOFR) with borrower payments deferred for 1 year.</td>
<td>Programs have origination fee requirements for the applicants and potential facility fee obligations, Payroll and financial documents will be required. Application processes continue to be refined.</td>
</tr>
</tbody>
</table>

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<tr>
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<th>Eligibility requirements</th>
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</thead>
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<tr>
<td>Programs have restrictions on repayment terms affecting other debt agreements, executive compensation and dividends. These restrictions are dynamic and subject to revision.</td>
<td>Criteria range from number of employees, 2019 revenues, company’s organization structure, geographical scale of operations, credit rating, commercial paper per issuer limit and denomination currency.</td>
<td>Borrowers must follow compensation, stock repurchase, and dividend restrictions that apply to direct loan programs under CARES Act and attest to the reason for financing requirements.</td>
</tr>
</tbody>
</table>

You should understand the various elements of available programs to identify additional funding channels and secure credit, based on your existing debt agreements.

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Main Street Lending Program (MSLP) for Small and Midsized Businesses during COVID-19

On April 30th, 2020 the Federal Reserve announced revised terms and conditions of its Main Street Lending Program (MSLP) to make $600 billion in loans available for the cash flow needs of small and middle-market businesses until September 30, 2020. The main purpose of adjustments to the program offerings is to allow more participation from businesses that are neither too small to get government grants nor so big they can access capital markets. For more information & how to apply, visit: federalreserve.gov.

Eligible borrowers
Businesses with up to 15,000 Employees OR under $5 billion in 2019 annual revenue that have been established in the United States prior to March 13, 2020 and are not non-profits or other ineligible businesses. For more information, see: Main Street Lending FAQs.

Eligible lenders
U.S. federally insured depository institutions, bank holding companies, and savings and loan holding companies, U.S. branch or agency of a foreign bank, U.S. intermediate holding company of a foreign banking organization or any U.S. subsidiary of any of the foregoing.

Main Street Lending Program (MSLP) offers three types of loan facilities for small and midsized businesses:

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<tr>
<td><strong>New loan facility</strong></td>
<td>Fed will purchase 95% of eligible loans; Main Street SPV and Lender will share risk on pari passu basis.</td>
<td>Principal and interest payments may be deferred for one year, and 33.33% will be due at the end of years 2-4; Interest rate of LIBOR + 300 bps.</td>
<td>Origination fee of 100 bps of principal amount paid by borrower; Facility fee of 100 bps of principal amount paid by Lender, which may pass to the borrower.</td>
</tr>
<tr>
<td>Min of $500K up to max of $25M or 4X 2019 adjusted EBITDA, whichever is less.</td>
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<tr>
<td><strong>Priority loan facility</strong></td>
<td>Fed will purchase 85% of eligible loans; Main Street SPV and Lender will share risk on pari passu basis.</td>
<td>Principal and interest payments may be deferred for one year, and 15%, 15% and 70% will be due at the end of years 2-4 respectively; Interest rate of LIBOR + 300 bps.</td>
<td>Origination fee of 100 bps of principal amount paid by borrower; Facility fee of 100 bps of principal amount paid by Lender, which may pass to the borrower.</td>
</tr>
<tr>
<td>Min of $500K up to max of $25M or 6X 2019 adjusted EBITDA, whichever is less.</td>
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<tr>
<td><strong>Expanded loan facility</strong></td>
<td>Fed will purchase 95% of eligible loans; Main Street SPV and Lender will share risk on pari passu basis.</td>
<td>Principal and interest payments may be deferred for one year, and 15%, 15% and 70% will be due at the end of years 2-4 respectively; Interest rate of LIBOR + 300 bps.</td>
<td>Origination fee of 75 bps of principal amount at the time of loan upsizing paid by borrower; Facility fee of 75 bps of principal amount paid by the borrower.</td>
</tr>
<tr>
<td>Expand existing loans of $10M or up to max of $200M. 35% of undrawn or outstanding debt or 6X 2019 adjusted EBITDA, whichever is less.</td>
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- Borrowers must certify they will “make commercially reasonable efforts” to maintain payroll and retain employees during the term of the loan.
- Borrowers must follow compensation, stock repurchase, and dividend restrictions as per CARES act.
- Borrower may only participate in one of the three MSLP facilities, and may not participate in Primary Market Corporate Credit Facility (PMCCF); however, a borrower can participate both in PPP and MSLP.

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Several payroll tax relief measures have been made available to small and medium size business employers through recently passed legislation.

### Families First Coronavirus Response Act (FFCRA)

The FFCRA provides small and mid-size employers refundable tax credits to reimburse the cost of providing paid sick and family leave wages to employees related to COVID-19.

**Emergency Paid Sick Leave Act (EPLSA)**

Payroll tax credit

Covered employers are entitled to a dollar-for-dollar refundable tax credit equal for up to 80 hours of paid sick leave for employees unable to work due COVID-19 related circumstances (own health or care of others).

**Employer eligibility:**
- Fewer than 500 employees
- Up to 80 hours of paid sick-leave

**Emergency Family and Medical Leave Expansion Act (Expanded FMLA)**

Payroll tax credit

Covered employers are entitled to a dollar-for-dollar tax credit for up to an additional 10 weeks of paid family leave to care for a child whose school or childcare provider has been interrupted from COVID-19 related circumstances.

**Employer eligibility:**
- Fewer than 500 employees
- Pays up to an additional 10 weeks of family leave
Coronavirus Aid, Relief, and Economic Security (CARES) Act

The CARES Act includes tax credits and deferrals designed to encourage employers to keep employees on their payroll during the period of economic hardship from COVID-19.

CARES Payroll Tax Deferral
Payroll tax deferral
Employers may defer depositing and paying employer’s share of Social Security taxes. Employer’s share must be paid by December 31, 2021, with remainder due by December 31, 2022.

Employer eligibility:
• Employers of any size
• Employers receiving PPP loans may continue to defer deposits until receiving notification of PPP loan forgiveness

Employee Retention Payroll Tax Credit
Payroll tax credit
Employer is entitled to a refundable payroll tax credit for up to 50% of $10,000 in wages paid to certain employees during the COVID-19 crisis.

Employer eligibility:
• Employers of any size
• Employers receiving a PPP loan are not eligible

Employers receiving aid under other sections of the CARES Act (e.g., Payroll Protection Program) may not be eligible for some or all of the above provisions. Consult with your businesses’ CPA to determine what is best for your individual business situation. You can learn more about the specific provisions and employer eligibility criteria at irs.gov/coronavirus.

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treasury.gov: Overview | PPP FAQ’s | SBA Programs: Overview of programs
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