

QUICK REFERENCE GUIDE FOR COVID-19 ASSISTANCE PACKAGES

We understand that your business may have changed due to the COVID-19 pandemic. Contact your Banker to discuss ways we can be a resource to help you through this event.

The below guide provides an overview of the key government support initiatives to aid individuals and business owners mitigate the financial impact of the coronavirus pandemic. The information below is subject to change as additional details emerge around how these programs will be implemented. Linked content is deemed to be reliable but not vetted or endorsed for accuracy by American Bank & Trust and should not be construed as investment, tax or legal advice, and does not constitute an attorney/client relationship.

ASSISTANCE FOR INDIVIDUALS

Direct Payments	
Enhancement	<p>Direct stimulus payments to individuals and families:</p> <ul style="list-style-type: none"> • \$1,200 for individuals; \$2,400 for married couples <ul style="list-style-type: none"> ○ \$500 per child under age 17 ○ Head of household also to receive \$500 per child under age 17 • Payments received are not taxable
Eligibility	<ul style="list-style-type: none"> • All US residents with a work-eligible Social Security number and an individual adjusted gross income (AGI) of \$75,000/year or less. <ul style="list-style-type: none"> ○ Income limit for those filing as head of household is \$12,500, and for married couples is \$150,000 • Benefits are reduced by \$5 for every \$100 of income above the category ceilings. <ul style="list-style-type: none"> ○ Benefits are entirely phased out for: <ul style="list-style-type: none"> ▪ Individual filers with AGI above \$99,000 ▪ Head of household filers who claim one child with AGI above \$146,500 ▪ Joint married filers with AGI above \$198,000 • AGI calculation is based on the most recently filed tax return (2018 or 2019) • For those collecting Social Security payments with income below tax filing threshold, the Social Security Benefit Form SSA-1099 is used to determine eligibility.
Timeline	As of 4/13/2020, direct deposit payments have already started to be dispersed and will continue over the coming weeks. Paper checks will follow with a much longer time to process and send by mail.
More Information	https://www.forbes.com/advisor/personal-finance/stimulus-check-calculator/
Unemployment Insurance	
Enhancement	In addition to regular unemployment benefits available at the state level, Pandemic Unemployment Assistance will expand the types of workers eligible to apply, extend the duration of time benefits may be received, and increase the typical dollar amount of payments.

	<ul style="list-style-type: none"> Duration of benefits is extended 13 weeks beyond the number of weeks provided under each state's rule (typically around 26 weeks). For 4 months, benefits are increased by \$600/week <p>Some lower-income workers will be able to maintain their full salaries under the program if forced out of work as the result of the pandemic.</p>
Eligibility	Employees, freelancers, gig economy workers, and self-employed
More Information	Applications are made at the state level either in person, by phone, or online. https://www.dol.gov/coronavirus/unemployment-insurance

Paid Sick Leave

Enhancement	<p>Under the Families First Coronavirus Response Act ("Phase II"), full-time employees of businesses with fewer than 500 employees (and with conditional exceptions for those with fewer than 50 employees) are provided with 80 hours of paid sick leave.</p> <ul style="list-style-type: none"> Part-time workers receive paid sick leave for a number of hours equal to the average number of hours worked over a 2-week period. <p>Payments are equal to 100% of normal compensation (\$511/day maximum)</p>
Eligibility	<ul style="list-style-type: none"> US employees of small- and mid-sized firms who have worked for the company for at least one month and are unable to work or telework due to COVID-19. Employees are not required to be or become ill to qualify for sick leave <ul style="list-style-type: none"> Employees instructed to remain at home or comply with company social distancing rules are eligible May be used in addition to paid family leave Parents of minor children who cannot work or telework because of child care duties cause by school closures may qualify for paid sick leave (in addition to paid family leave).
More Information	<ul style="list-style-type: none"> The Labor Department has discretion to permit employers with fewer than 50 employees to opt out if complying with the mandate would jeopardize the viability of the business. Employers with 500 or more employees are exempt Employers of healthcare workers and emergency responders may elect to exclude employees. <p>https://www.dol.gov/agencies/whd/pandemic</p>

Paid Family Leave

Enhancement	Provides up to 12 weeks of paid family leave at 2/3'd' of an employee's usual pay rate (\$200/day maximum).
Eligibility	<ul style="list-style-type: none"> US employees of small- and mid-sized firms who have worked for the company for at least one month and are unable to work or telework due to COVID-19. Eligible if need to quarantine, care for a family member, or care for a child at home because of school closure.
More Information	Same conditions and weblink applies as "Paid Sick Leave"

Student Loans

Enhancement	<ul style="list-style-type: none"> Borrowers with federal student loans are permitted to defer payments penalty free until September 30, 2020. <ul style="list-style-type: none"> Borrowers must request a forbearance from their loan servicer. Borrowers who are not in default will automatically have their interest rate set to 0% for at least 60 days.
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	<ul style="list-style-type: none"> All requests for garnishments from paychecks, federal income tax returns, and social security payments for defaulted borrowers have been stopped. <ul style="list-style-type: none"> Garnishments withheld from March 13, 2020 will be refunded Private collection efforts have also been stopped Employer-paid student loan payments up to \$5,250 are temporarily excluded from income tax reporting
Eligibility	Federal student loan borrowers in repayment, depending upon standing
More Information	https://studentaid.gov/announcements-events/coronavirus

Medicare/Medicaid

Enhancement	COVID-19 lab tests (with no out-of-pocket costs), medically necessary hospitalizations (including quarantine), qualifying vaccines (if available), and telemedicine.
Eligibility	Covered by Medicare or Medicaid
More Information	https://www.medicare.gov/medicare-coronavirus

Qualified Retirement Plan Withdrawals

Enhancement	<p>The required minimum distribution (RMD) for 2020 may be skipped</p> <ul style="list-style-type: none"> This includes a 2019 RMD that was delayed to 4/1/2020 Awaiting official IRS guidance around rules regarding inherited IRA and inherited 401(k) accounts, so consult with your tax professional before making a withdrawal from those accounts. <p>Up to \$100,000 may be withdrawn penalty-free from IRAs, employer-sponsored retirement plans, or a combination of both, for those impacted by COVID-19.</p> <ul style="list-style-type: none"> By default, the income tax on the distribution is split evenly across the 2020, 2021, and 2022 tax years, or You can choose to elect to include all of the income in your 2020 income, or Funds may be repaid over a three-year period back into a retirement account, and any taxes withheld on the distribution may be reclaimed as a refund by filing an amended tax return.
Eligibility	<p>Anyone with an employer-sponsored retirement plan or IRA who was impacted by COVID-19 or currently taking RMDs.</p> <p>Impact from COVID-19 is defined as:</p> <ul style="list-style-type: none"> Being diagnosed with COVID-19 Having a spouse or dependent diagnosed with COVID-19 Experiencing adverse financial consequences as a result of being quarantined, furloughed, laid off, or reduced work hours due to the virus Inability to work due to lack of child care due to virus Owning a business that closed or operated under reduced hours due to the virus Other factors as determined by the IRS

Employer-Sponsored Plan Loans

Enhancement	Permitted loan amounts from employer-sponsored plans (401(k), 403(b), and 457(b)) have been increased for those affected by COVID-19.
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	<ul style="list-style-type: none"> The amount employees may borrow has been increased to the lesser of 50% to 100% of the vested plan balance or \$100,000. <p>Any existing loan that was to be repaid in 2020 may delay repayment for 1 year.</p>
Eligibility	<ul style="list-style-type: none"> Must be enrolled in an eligible employer-sponsored plan. The plan document must already have a provision allowing participant loans. The loan must be made by December 31, 2020.

ASSISTANCE FOR BUSINESSES

Phase II: Families First Coronavirus Response Act

This program is different and separate from the program in Phase III ("CARES Act"), and participating in this program may make the borrower ineligible for participating in the Phase III program. These loans are issued by the government, and not by banks. Businesses with an urgent need for financing may wish to seek more conventional SBA 7(a) loans due to anticipated delays in finalizing terms and details.

SBA Economic Injury Loan Program (EIDL)	
Loan Size	Up to \$2,000,000
Eligibility	Small businesses, including ESOPs, and non-profits affected by the coronavirus in presidential- and SBA-declared disaster areas. List: https://www.sba.gov/disaster-assistance/coronavirus-covid-19
Interest Rate	2.75% for non-profits 3.75% for small businesses
Term Length	Variable, but up to 30 years
Permitted Use	Accounts payable, fixed debts, payroll, and other bills due to the virus
Documentation Needed	Supporting documentation could include most recent business tax returns, a personal financial statement, and a schedule of liabilities listing all current debts
How to Apply	<ul style="list-style-type: none"> Online directly with the SBA at https://disasterloan.sba.gov/ela/ using "Economic Injury" as the reason, or Call the SBA disaster assistance customer service center at 800-659-2955 (TTY: 800-877-8339), or Email disastercustomerservice@sba.gov
More Information	https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources

Emergency Grants

Amount	Advance of \$10,000 within 3 days
Eligibility	US business owners with 500 or fewer employees
Permitted Use	Provide paid sick leave, maintain payroll, or meet other debt obligations
More Information	https://www.sba.gov/funding-programs/disaster-assistance

Phase III: CARES Act

Small Business Interruption Loans (Paycheck Protection Program)	
Eligibility	<p>Businesses (including sole proprietors & self-employed) & non-profits (except those with Medicaid funds) and:</p> <ul style="list-style-type: none"> • with fewer than 500 employees (subject to the limited exceptions); or • that meet the Small Business Administration's industry-based "size standard"; • requirements for the applicable NAICS code (based either on number of employees or annual receipts) <p>Must have been "substantially affected by COVID-19," which is interpreted as:</p> <ul style="list-style-type: none"> • supply chain disruptions; • staffing challenges; • a decrease in sales or customers; or • shuttered businesses
Loan Duration & Amount	<p>Maximum maturity of 2 years, the amount to be the lesser of (a) \$10 million or (b) 2.5x the average total monthly payments by the applicant for payroll costs incurred for 2019; plus</p> <ul style="list-style-type: none"> • the amount of any SBA-provided Economic Injury Disaster Loan (EIDL) taken out after January 1, 2020 • No collateral or personal guarantees are required • Payments on outstanding balances begin after 6 months, prepayment fees are waived, and loans are eligible for forgiveness • Interest rate is 1.0% <p>For newer companies, or those with seasonal employees, average payroll costs from January 1 to February 29, 2020 are used for part (b)</p>
Allowable Use of Funds	<ul style="list-style-type: none"> • Payroll support (up to \$100k annual salary), including paid sick, medical, or family leave, and costs related to the continuation of group health care benefits during those periods of leave; • Employee salaries; • Mortgage interest payments; • Rent (including rent under a lease agreement); • Utilities; and • Any other debt interest obligations that were incurred before the covered period
Loan Forgiveness Requirements	<p>An eligible recipient shall be eligible for forgiveness of indebtedness in an amount equal to the cost of maintaining payroll continuity and other allowable costs during the covered periods (8 weeks from loan origination). The borrower shall submit an application to the lender, including documentation verifying the number of full-time equivalent employees on payroll and other costs specified under "Allowable Use:"</p> <ul style="list-style-type: none"> • payroll tax filings reported to the IRS; • state income, payroll, and unemployment insurance filings; • financial statements verifying payments on debt obligations incurred before the covered period; and • any other necessary documentation to be determined <p>At least 75% of the loan funds must be used for payroll expenses to qualify for forgiveness.</p>
Taxability	<ul style="list-style-type: none"> • Canceled indebtedness under this section shall be excluded from gross income

Other Items	<ul style="list-style-type: none"> • Small businesses and sole proprietors can apply beginning April 3rd • Self-employed individuals and independent contractors can begin applying April 10th • All loans will have the same terms and will be issued by SBA 7(a) lenders • Borrowers may not receive an EIDL loan and a PPP loan for the same purpose
SBA Loan Relief	
Enhancement	SBA loans that have already been distributed receive 6 months of loan forbearance on principal interest and fees.
Eligibility	Businesses with 500 or fewer employees that have current SBA loans
Employee Retention Credit	
Enhancement	<ul style="list-style-type: none"> • Employers may receive a refundable payroll tax credit equal to the lesser of 50% of qualified wages or • \$5,000 per employee for wages paid to employees after March 12, 2020 and before January 1, 2021 if business activities were disrupted or suspended due to any government-imposed restrictions related to containing the spread of the virus. • Businesses whose operations were not disrupted, but experienced a decline in revenue due to the virus, can also receive the same credits if gross receipts fell 50% as compared to the same quarter in the previous calendar year. • Credits will continue until the earlier of December 31, 2020 or gross receipts exceed 80% of the same quarter's gross receipts in the previous year.
Eligibility	<ul style="list-style-type: none"> • Credit can be claimed by employers with an average of more than 100 employees for all employees who are retained, but not currently working, as a result of COVID-19. • For employers with an average of fewer than 100 employees, all wages paid qualify for the credit so long as the other requirements are met. • Credits cannot be claimed for any wages paid by an SBA loan.

The Coronavirus Economic Stabilization Act (CESA)

Credit Support for Affected Businesses (other than Small Businesses)	
Overview	<ul style="list-style-type: none"> • The Secretary of the Treasury (Secretary) is given discretion to determine which businesses will be beneficiaries of the credit support but likely to include businesses that would otherwise not qualify for the Small Business Interruption Loans assistance, such as businesses with more than 500 employees. • The Secretary will be authorized to make loans, guarantees and other investments (such as an equity stake or warrants) in support of eligible businesses as well as states and municipalities not to exceed \$500 billion. An independent committee will oversee the program.
Loan Amount & Terms	Maturity is not to exceed 5 years. The Secretary is given similar discretion on determining the terms related to rates, underwriting, and other terms and conditions. These loans are not forgivable.

Buybacks & Dividends	Companies may not conduct stock buybacks nor provide dividends nor capital distributions to investors for an additional 12 months beyond the period when the loan is outstanding.
Employment Levels	Until September 30, 2020, companies are to maintain employment levels as of March 24, 2020 to the extent that it's practical, and in no case is the company to reduce employment by more than 10%.

Additional Relief Programs	
Income Tax Filing & Payment	<ul style="list-style-type: none"> The federal tax return filing and payment deadlines are now July 15, 2020. <ul style="list-style-type: none"> Check with state and local tax authorities for any adjusted deadlines for those obligations. Individual and other non-corporate filers may defer income tax payments that would have been due April 15 without penalty or interest. Gig workers and the self-employed are eligible to receive paid sick leave benefits in the form of a tax credit. <p>https://www.irs.gov/coronavirus-tax-relief-and-economic-impact-payments</p>
State and Local Relief Programs	<p>Several local jurisdictions are supporting small businesses with loans, grants, or deferment of tax and fee collections.</p> <p>https://www.forbes.com/sites/advisor/2020/03/20/1ist-of-coronavirus-covid-19-smal%20-%20business-relief-programs/#1af943e176ad</p> <p>https://www.inc.com/kevin-j-ryan/coronavi%20rus-resou%20rce-1ist-for-%20businesses.html?icid=hmside2</p>
Business Service Providers	Check with providers as many companies, utilities, etc. are providing discounts, payment deferrals and/or grants to small businesses.
Phase II Stimulus	<ul style="list-style-type: none"> Tax credits for businesses with fewer than 500 employees to cover: <ul style="list-style-type: none"> Two weeks of paid sick leave for employees who have been quarantined, have a sick family member, or have been affected by school closings Up to three months of paid family and medical leave amounting to no less than two-thirds of regular pay for those employees listed above The option for the Labor Department to exempt businesses with fewer than 50 employees from abiding by the paid leave mandate, if the Labor Department decides the new law could pose an existential threat to the company <p>Delays of payment of Employer Payroll Taxes</p> <ul style="list-style-type: none"> Payroll taxes due to the IRS through the end of 2020 can be deferred with 50% of those deferred payments due by December 31, 2021 and the remaining 50% due by December 31, 2022 Taxpayers that had indebtedness forgiven under the CARES Act are excluded from this benefit <p>Changes to Net Operating Loss Rules to use losses today against past profits to claim refunds</p> <ul style="list-style-type: none"> The Act temporarily reverses changes to how net operating losses can be carried back. Losses from 2018, 2019 and 2020 will be permitted to be carried back for up to five years (or forego the carryback and instead carry the loss forward) <p>Increases to the amount of interest expense businesses may deduct from 30% to 50% for</p> <ul style="list-style-type: none"> 2019 and 2020