

Broadcasters' Guide to Federal COVID-19 Loan Programs

April 16, 2020

Radio and television broadcasters serve an essential role of providing reliable information to communities, particularly highlighting local level impacts. As has been the case in so many prior crises, broadcasters are again playing a key part in the coronavirus (COVID-19) pandemic. Broadcasters, many working from their homes, continue to provide this valuable service to the American public.

Unfortunately, with the shutdowns of non-essential businesses and less travel in cars, advertising revenue is steeply declining, making it very difficult for broadcasters of all sizes to fund their operations. In the past week or two, many broadcast companies have announced furloughs or layoffs and taken other severe cost-cutting measures.

For smaller broadcasters, the Coronavirus Aid, Relief, and Economic Security (CARES) Act authorized several Small Business Administration (SBA) programs. Unfortunately, on April 16, 2020, the SBA announced that they are currently unable to accept new applications for the Paycheck Protection Program (PPP) or Economic Injury Disaster Loan (EIDL) assistance based on available appropriations funding. The hope, of course, is that Congress authorizes more funds for these programs as soon as possible.

On the assumption that funds will be replenished, two possible relief avenues for small broadcasters are:

Paycheck Protection Program

- Available to for-profit and non-profit businesses with less than 500 employees (need to analyze SBA affiliation rules to see if other business' employee counts need to be aggregated with

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the applicant)

- Potentially 100% forgivable
- Loan amount is 2.5 times average payroll costs
- All loan payments deferred for six months
- Funds need to be used at least 75% for payroll costs

Economic Injury Disaster Loan (EIDL)

- Direct loans through the SBA
- Advance (supposed to have been available within three days, but in reality taking much longer) based on the number of employees on the payroll on January 31, 2020 (\$1,000/employee, up to a maximum of \$10,000)
- Payments deferred for 12 months; maximum loan of \$2 million, 2.75-3.75% interest rate

For medium-sized broadcasters, the Main Street New Loan Facility may be of interest. This program has not been as fast-tracked, but the comment period on the Main Street program ends Thursday, April 16, 2020, so we hope that rules (and the loan program itself) are released soon. The proposal, which is not final so may change, for this program provides for:

- Available to for-profit or non-profit businesses with up to 10,000 employees or \$2.5 billion in 2019 annual revenue.
- Unsecured term loans, with a four-year maturity.
- Not forgiven like PPP loans, but principal and interest deferred for one year.
- Loan amount equal to the lesser of (i) \$25 million or (ii) the amount that, when added to borrower's existing outstanding undrawn debt, does not exceed 4 times 2019 earnings before interest, taxes, depreciation, and amortization (EBITDA).

If you apply for any of these loans, we can guide you through eligibility analysis and advise as to the payroll calculations and required borrower certifications. Please join us for a webinar "Updates on COVID-Related Loan Programs" on Wednesday, April 29 at 2 p.m., **RSVP here**. Can't make the date? Register and we'll send you the slides and recording after the webinar.

Please don't hesitate to reach out to the attorneys listed on this alert or your regular Wiley contact.

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