

# Information Regarding Your Paycheck Protection Program Loan



May 4, 2020

## To Our Valued Customers,

**First, and most important, we hope that you and your families are healthy and safe.**

Enterprise Bank has made an exhausting effort to assist our country in delivering badly needed Paycheck Protection Program (the “PPP”) loan assistance to you, our valued customers. The PPP has been unlike anything that we have encountered in regard to its scale, complexity, continual revisions from the Small Business Administration (the “SBA”), critical need for you our customers, and sense of urgency. Our lending team, and team members from across every department in the bank who were reassigned to PPP loan processing, have worked feverishly, often into the early morning hours, to process PPP loans. We did so out of a deep sense of purpose as we have such incredible respect and admiration for what you have sacrificed to build and grow your organizations and for how much you care about your employees, your customers, and those you serve. Understanding this, we are so grateful that we were able to work with you/your organization for you to receive a critical PPP loan. We want to say thank you for your trust in Enterprise Bank. With guidance from the SBA ever changing, we also feel that it is important to update and inform you on a few changes and developments since your loan was approved.

**First**, on April 28, the SBA announced that lenders must now make a one-time full disbursement of the PPP loan within ten calendar days of loan approval. For loans made prior to this updated SBA rule, including loans already closed but where the full loan amount was not fully disbursed, we are required to fully disburse the full loan amount to you within ten calendar days from April 28. If you have a loan that was previously closed but which has only been partly disbursed, you will be hearing from an Enterprise Banker regarding the full disbursement of such loan. If your loan was fully disbursed at closing this does not apply to you.

**Second**, the SBA released new FAQ’s (frequently asked questions) in the last few days regarding the “economic uncertainty” certification made by borrowers stating that borrowers are also required to evaluate funding alternatives. You may have seen in the news over the last week that several large “publicly traded” companies with perceived access to public capital markets have returned funds from PPP loans. Treasury Secretary Mnuchin has stated that the PPP was not designed for publicly traded companies with liquidity. We are not aware that any of our customers are “publicly traded” companies, but we would note that while Secretary Mnuchin and his guidance have identified public companies as a subject of particular concern regarding the certifications, the SBA has

recently stated that the same economic uncertainty and necessity of the loan requests applies to non-public companies as well. On Tuesday, April 28 Treasury Secretary Mnuchin also stated that the PPP is providing critical support to millions of small businesses and tens of millions of hardworking Americans but the government will review all loans in excess of \$2 million, and at least sample other loans as the SBA deems appropriate following the submission of the loan forgiveness application. The SBA has not provided guidance on what factors they will use to assess whether or not the loan was necessary. Below is an excerpt from the SBA's FAQ. In no way are we suggesting that your request does or does not meet the SBA requirement. The SBA has established what they have termed a "no questions asked" deadline, to return funds and the SBA will deem that the "economic uncertainty" certification in the borrower application was still made in good faith if a borrower decides to return the PPP funds by May 7<sup>th</sup>.

**Small Business Administration's FAQ Excerpt:**

**37. Question:** Do businesses owned by private companies with adequate sources of liquidity to support the business's ongoing operations qualify for a PPP loan?

**Answer:** See response to FAQ #31. The new guidelines include the following FAQ #17 and #31:

**17. Question:** I filed or approved a loan application based on the version of the PPP Interim Final Rule published on April 2, 2020. Do I need to take any action based on the updated guidance in these FAQs?

**Answer:** No. Borrowers and lenders may rely on the laws, rules, and guidance available at the time of the relevant application. However, borrowers whose previously submitted loan applications have not yet been processed may revise their applications based on clarifications reflected in these FAQs.

**31. Question:** Do businesses owned by large companies with adequate sources of liquidity to support the business's ongoing operations qualify for a PPP loan?

**Answer:** In addition to reviewing applicable affiliation rules to determine eligibility, all borrowers must assess their economic need for a PPP loan under the standard established by the CARES Act and the PPP regulations at the time of the loan application. Although the CARES Act suspends the ordinary requirement that borrowers must be unable to obtain credit elsewhere (as defined in section 3(h) of the Small Business Act), borrowers still must certify in good faith that their PPP loan request is necessary. Specifically, before submitting a PPP application, all borrowers should review carefully the required certification that "current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant." Borrowers must make this certification in good faith, taking into account their current business activity and their ability to access other sources of liquidity sufficient to support their ongoing operations in a manner that is not significantly detrimental to the business. For example, it is unlikely that a public company with substantial market value and access to capital markets will be able to make the required certification in good faith, and such a company should be prepared to demonstrate to SBA, upon request, the basis for its certification.

Lenders may rely on a borrower's certification regarding the necessity of the loan request. Any borrower that applied for a PPP loan prior to the issuance of this guidance and repays the loan in full by May 7, 2020 will be deemed by SBA to have made the required certification in good faith.

We are gratified to share that we closed 1,279 PPP loans in the "first round" of funding and we are fully participating in the "second round" that is ongoing now. We are supporting our government's effort to our utmost ability in delivering needed PPP funds to our customers in our communities.

Thank you again for your trust in Enterprise Bank.

Sincerely,

Handwritten signature of Jack Clancy in black ink.

**Jack Clancy**  
Chief Executive Officer  
Enterprise Bank

Handwritten signature of Brian Bullock in blue ink.

**Brian Bullock**  
Chief Commercial Lending Officer  
Enterprise Bank

**Equal Housing Lender - Member FDIC**