

March 31, 2020

To our valued Clients and Friends of Merchants Bank,

As you are likely aware, the \$2 trillion CARES Act was passed by Congress on Friday and was signed into law. This new law includes \$367 billion to help small business owners weather this economic crisis. The Paycheck Protection Program (PPP) is intended to provide capital to small businesses to help meet short-term ongoing expenses, including employee payroll, interest payments on any mortgage obligations, payments on rent obligations, and any utilities payments.

Here is what we know about the Paycheck Protection Program at this time:

- Most small businesses with fewer than 500 employees are eligible
- Business must have been operational as of February 15, 2020 and had employees for whom it paid salaries and payroll taxes, or a paid independent contractor
- Loan amounts of up to \$10 million
- Unsecured and no personal guarantee required
- No upfront guarantee fee
- Borrower may be eligible for loan forgiveness
- Borrower cannot apply for any other programs through the SBA for the same purpose

The forthcoming guidance from the Small Business Association will determine how this program is implemented at Merchants Bank. We have long been designated as a Preferred SBA Lender, which positions us to fast track assistance to you through this program once SBA guidance is published. We are mobilizing our entire Commercial Banking and Credit Administration team in a manner that is consistent with our obligation to serve as your trusted advisor through this difficult economic period of time.

In addition to the Paycheck Protection Program, the SBA has the Economic Impact Disaster Loan (EIDL) program that a business can apply for directly from the SBA at: www.SBA.gov/Disaster. The State of Minnesota has assistance programs available and information can be found at: www.mn.gov/deed. The State of Wisconsin also has an assistance program that can be found at www.wedc.org. We are here to help you through this time and encourage you to reach out to your Commercial Banker.

Please be sure to also check with your attorney and accountant for additional advice pertaining to available programs.

Stay safe and healthy,

A handwritten signature in black ink that reads 'Gregory Evans'.

Gregory M. Evans
Chief Executive Officer