

EB clients, friends, and staff,

This past week, the Senate and House passed the CARES Act, and Friday afternoon, the legislation was signed into law by the President. This legislation provides a number of support mechanisms and financial resources for small businesses including two primary SBA related provisions as follows:

1. The legislation requires the SBA to pay for six months of payments of principal, interest, and any associated fees for all existing SBA 7(a) borrowers as well as on all SBA 504 loans (just the SBA portion of a 504 project, NOT the Bank 1st mortgage loan) and SBA microloans. The bill also provides six months of payments of principal, interest, and any associated fees for any new 7(a) borrowers under the regular 7(a) program (not the new PPP program to be described below) as well as SBA 504 and microloans that receive a loan that originates during the 6 month period after the enactment of the bill. **As such, existing SBA 7(a) borrowers of the Bank do NOT need to request additional payment deferments from the Bank at present, as SBA will be making the next six months of payments on your behalf. If you are unsure whether your existing financing with the Bank is an SBA 7(a) loan and is eligible for the six months of payments by SBA, please contact your Enterprise Bank Relationship Manager.**

2. The legislation also created a new loan program called the **Paycheck Protection Program (PPP), which will be co-managed by SBA and the Treasury.** This program will be administered by SBA participating lenders like Enterprise Bank which is a long-time SBA Preferred Lender. This loan program is intended to provide capital to small businesses to help them meet their ongoing expenses including payroll costs and other costs as specified in the statute. The borrower will not be required to repay the portion of the loan that is used for the purposes specifically allowed by the statute. That concept is referred to in the statute as loan forgiveness. Funds used for purposes not included in the statute must be repaid. Unfortunately, **we must await guidance from SBA and the Treasury on how to implement PPP loans.** Until this guidance has been issued, SBA participating lenders like Enterprise cannot make a PPP loan. With that said, we at Enterprise want to be in a position to act as quickly as possible on behalf of our clients and prospects when the relevant guidance is issued, so we are going to begin accepting pre-applications within the next few days based upon the information we have from the legislation itself. **We will be notifying you by email when we are able to accept pre-applications which we expect to be in the next few days.** In the interim, please review the attached parts of the NAGGL summary of the CARES Act. NAGGL is the primary national trade association for SBA lenders.

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“We’re more than just a bank, because you’re more than just a customer”