

April 1, 2020

mBank is committed to helping the small businesses in our communities who need assistance with COVID-19 loan relief programs. We remain in sound financial condition with strong levels of capital and liquidity to serve your financial needs and our dedicated and experienced staff is here to help you through this challenging time.

The newly enacted federal Coronavirus Aid, Relief, and Economic Security (CARES) Act provides a variety of additional emergency relief programs for businesses, including the Paycheck Protection Program (PPP). These programs will be available for many small to medium-sized businesses in our communities with guidance provided by the Small Business Administration (SBA).

mBank will be a primary processor for the PPP loans as a Preferred Lender Partner of the SBA. We will be accepting applications for this program beginning April 3, 2020. mBank is well versed with the SBA and has been a strong producer for many years. It is our goal to help as many businesses as we can, and we will do our best to facilitate these loans as quickly as we can through the SBA process.

The following pages summarize each of the resource programs that may be available to your business. Please call your local mBank lender if you have been impacted to discuss your options. You can [view a list of our lenders' contact information here](#). Additional customer and community resources, are also available at bankmbank.com/covid-19. Here you will find more information about your current banking options and answers to questions you may have about these services.

As we collectively navigate these uncertain times, the safety and well-being of our employees, customers, and the communities we serve remains our top priority. We remain focused on continuing to provide these essential services to you. Stay healthy. Stay safe.

Sincerely,



Kelly W. George
President & CEO
mBank

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COVID-19: SMALL BUSINESS ASSISTANCE PROGRAMS

mBank is committed to helping the small businesses in our communities who need assistance with COVID-19 loan relief programs. As part of the CARES ACT, the Small Business Administration (SBA) has created The Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) aimed at helping small businesses who have been severely impacted by Coronavirus. Below is a comparison chart that illustrates each program's highlights as we know them right now, accurate as of April 1, 2020.

Paycheck Protection Program (PPP)

- Payroll Expenses
- Employee Salaries
- Mortgage Interest
- Rent and Utilities
- Interest on debt incurred before 2.15.20



2.5X business's average monthly payroll



fixed **.50%**
Annual Percentage Rate



no payments for first
6 months
then a 2 year term



up to **100%**
with approval



apply with your local
mBank Lender
[click for contact information](#)



Economic Injury Disaster Loan (EIDL)

- Payroll
- Fixed Debts
- Accounts Payable
- Other expenses that can't be paid because of the disaster's impact

up to **\$2 million**

3.75%
Annual Percentage Rate

up to
30 years

0% is eligible
for forgiveness

apply online on SBA's
secure website at
disasterloan.sba.gov/ela



COVID-19: SMALL BUSINESS ASSISTANCE PROGRAM SUMMARY

CARES ACT (PPP, SBA EXPRESS, and LOAN DEFERMENT)

To help assist our business community affected by COVID-19, we are providing a summary of the available government loan programs that have been approved to date along with the links for each. This document summarizes the program's highlights as we know them right now, accurate as of April 1, 2020.

PAYCHECK PROTECTION PROGRAM (PPP)

The Paycheck Protection Program ("PPP") authorizes up to \$349 billion in forgivable loans to small businesses to pay their employees during the COVID-19 crisis. *All loan terms will be the same for everyone.*

The loan amounts will be forgiven as long as:

- The loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8 week period after the loan is made; and
- Employee and compensation levels are maintained.

Payroll costs are capped at \$100,000 on an annualized basis for each employee. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.

Loan payments will be deferred for 6 months.

When can I apply?

- Starting April 3, 2020, small businesses and sole proprietorships can apply for and receive loans to cover their payroll and other certain expenses through existing SBA lenders.
- Starting April 10, 2020, independent contractors and self-employed individuals can apply for and receive loans to cover their payroll and other certain expenses through existing SBA lenders.
- Other regulated lenders will be available to make these loans as soon as they are approved and enrolled in the program.

Where can I apply?

Loans under this program are to be obtained from SBA partner banks. mBank is an SBA Preferred Lender which is a status only granted to the most experienced SBA banks and allows for the in-house approval of most SBA loans. **To apply for the Paycheck Protection Program, contact your local mBank lender.**

[View a list of our lenders' contact information here.](#)

Who can apply?

All businesses – including nonprofits, veterans organizations, Tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors – with 500 or fewer employees can apply. Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based size standards for those industries (click [HERE](#) for additional detail).

For this program, the SBA's affiliation standards are waived for small businesses (1) in the hotel and food services industries (click [HERE](#) for NAICS code 72 to confirm); or (2) that are franchises in the SBA's Franchise Directory (click [HERE](#) to check); or (3) that receive financial assistance from small business investment companies licensed by the SBA. Additional guidance may be released as appropriate.



What do I need to apply?

You will need to complete the Paycheck Protection Program loan application and submit the application with the required documentation to an approved lender that is available to process your application by June 30, 2020. [Download application.](#)

What other documents will I need to include in my application?

You will need to provide your lender with payroll documentation.

Do I need to first look for other funds before applying to this program?

No. The SBA is waiving the usual SBA requirement that you try to obtain some or all of the loan funds from other sources (i.e., the SBA is waiving the Credit Elsewhere requirement).

How long will this program last?

Although the program is open until June 30, 2020, we encourage you to apply as quickly as you can because there is a funding cap and lenders need time to process your loan.

How many loans can I take out under this program?

Only one.

What can I use these loans for?

You should use the proceeds from these loans on your:

- Payroll costs, including benefits;
- Interest on mortgage obligations, incurred before February 15, 2020;
- Rent, under lease agreements in force before February 15, 2020; and
- Utilities, for which service began before February 15, 2020.

What counts as payroll costs?

Payroll costs include:

- Salary, wages, commissions, or tips (capped at \$100,000 on an annualized basis for each employee);
- Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit;
- State and local taxes assessed on compensation; and
- For a sole proprietor or independent contractor: wages, commissions, income, or net earnings from self-employment, capped at \$100,000 on an annualized basis for each employee.

How large can my loan be?

Loans can be for up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount. That amount is subject to a \$10 million cap. If you are a seasonal or new business, you will use different applicable time periods for your calculation. Payroll costs will be capped at \$100,000 annualized for each employee.

How much of my loan will be forgiven?

You will owe money when your loan is due if you use the loan amount for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.

You will also owe money if you do not maintain your staff and payroll.

- **Number of Staff:** Your loan forgiveness will be reduced if you decrease your full-time employee headcount.
- **Level of Payroll:** Your loan forgiveness will also be reduced if you decrease salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019.
- **Re-Hiring:** You have until June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.



How can I request loan forgiveness?

You can submit a request to the lender that is servicing the loan. The request will include documents that verify the number of full-time equivalent employees and pay rates, as well as the payments on eligible mortgage, lease, and utility obligations. You must certify that the documents are true and that you used the forgiveness amount to keep employees and make eligible mortgage interest, rent, and utility payments.

What is my interest rate?

0.50% fixed rate.

When do I need to start paying interest on my loan?

All payments are deferred for 6 months; however, interest will continue to accrue over this period.

When is my loan due?

In 2 years.

Can I pay my loan earlier than 2 years?

Yes. There are no prepayment penalties or fees.

Do I need to pledge any collateral for these loans?

No. No collateral is required.

Do I need to personally guarantee this loan?

No. There is no personal guarantee requirement. ***However, if the proceeds are used for fraudulent purposes, the U.S. government will pursue criminal charges against you.***

What do I need to certify?

As part of your application, you need to certify in good faith that:

- Current economic uncertainty makes the loan necessary to support your ongoing operations.
- The funds will be used to retain workers and maintain payroll or to make mortgage, lease, and utility payments.
- You have not and will not receive another loan under this program.
- You will provide to the lender documentation that verifies the number of full-time equivalent employees on payroll and the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight weeks after getting this loan.
- Loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.
- All the information you provided in your application and in all supporting documents and forms is true and accurate. Knowingly making a false statement to get a loan under this program is punishable by law.
- You acknowledge that the lender will calculate the eligible loan amount using the tax documents you submitted. You affirm that the tax documents are identical to those you submitted to the IRS. And you also understand, acknowledge, and agree that the lender can share the tax information with the SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.



ADDITIONAL SBA PROGRAMS AVAILABLE

SBA EXPRESS Loan program (outside of PPP program)

- Size increased from \$350,000 to \$1,000,000

SBA Debt Relief Loan Deferment

The SBA Debt Relief program will provide a reprieve to small businesses as they overcome the challenges created by this health crisis.

Under this program:

- The SBA will also pay the principal and interest of new 7(a) loans issued prior to September 27, 2020.
- The SBA will pay the principal and interest of current 7(a) loans for a period of six months.





COVID-19: SMALL BUSINESS ASSISTANCE PROGRAM SUMMARY

SBA Economic Injury Disaster Loan (EIDL) and SBA Economic Injury Disaster Grant

To help assist our business community affected by COVID-19, we are providing a summary of the available government loan programs that have been approved to date along with the links for each. This document summarizes the program's highlights as we know them right now, accurate as of April 1, 2020.

SBA Economic Injury Disaster Loan (EIDL) Program:

- Expands eligibility for access to tribal businesses, cooperatives, sole proprietors, independent contractors and private non-profits during the covered period from Jan. 31, 2020, to Dec. 31, 2020.
- Allows for an EIDL to be expedited to provide access to capital through an emergency grant, which is an advancement of \$10,000 within three days to maintain payroll, provide paid sick leave and to pay other debt obligations.
- These are direct loans obtained through the [SBA](#).

Who is eligible for the EIDL program?

Businesses, either for profit or non-profit (501c (3)) with <500 employees (FTE).

What is the available loan amount?

Up to \$2 million but will be determined by an SBA Underwriter.

What is the loan term?

- Up to 30 years.
- Loans may be prepaid without penalty regardless of the term.

What are the fees associated with this product?

All borrower and lender fees are waived.

What is the interest rate?

3.75% if a for-profit; 2.75% if a non-profit.

Are there collateral requirements?

- Not for loans <\$25,000.
- Yes, for loans >\$25,000; requires all available collateral, no appraisals required on RE.

Do we need personal guaranties?

- Not for loans <\$25,000.
- Yes, for loans >\$25,000.

How quickly can funds be disbursed?

Estimated at 30 days, application to receipt of funds.

Is there loan forgiveness?

None.

How do I apply?

Direct with the SBA at www.sba.gov/disaster.

SBA Economic Injury Disaster Grant Program:

Who is eligible?

Businesses, either for profit or non-profit (501c (3)) with <500 employees (FTE) in business prior to January 31, 2020.

Available grant amount?

- \$10,000 to any small businesses and non-profits that apply for an SBA EIDL within three days of applying for the loan.
- The grant does not have to be repaid even if the grantee is subsequently denied an EIDL.

Use of the grant?

- Maintain payroll
- Provide paid sick leave
- Meet increased production costs due to supply chain disruptions
- Pay business obligations including debt payments, rent and mortgage payments

How do I apply?

Direct with the SBA at www.sba.gov/disaster.





COVID-19: SMALL BUSINESS ASSISTANCE PROGRAM SUMMARY MEDC PROGRAMS

To help assist our business community affected by COVID-19, we are providing a summary of the available government loan programs that have been approved to date along with the links for each. This document summarizes the program's highlights as we know them right now, accurate as of April 1, 2020.

Michigan Small Business Relief Program: Loan

- To provide immediate small business loans to businesses immediately impacted by COVID-19.
- Loans to eligible borrowers must be \$50,000 or more and are capped at \$200,000
- These are for companies that have fewer than 100 employees
- Loans may be used for working capital to support payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary course of business; and the company can demonstrate that it is unable to access credit through alternative sources; the company can demonstrate an income loss as a result of Executive Order 2020-9 (see attached).
- Term offering is 60 months following loan closing followed by a fully amortizing 60 months term at a rate of .25% per annum
- For more information and to apply for this loan program please visit the website at <https://www.michiganbusiness.org/covid19/>

Michigan Small Business Relief Program: Grant

- To provide immediate grant support for businesses hardest hit by COVID-19.
- To provide grants up to \$10,000 to support certain businesses statewide
- The company has 50 employees or less
- Grants may be used for working capital to support payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary course of business
- For more information and to apply for this grant program please visit the website at <https://www.michiganbusiness.org/covid19/>
- Local contact can be found at this link: <https://update906.com/local-economic-contacts>