

Dear valued customer,

On March 27, 2020, the United States Congress passed, and President Trump signed, the Coronavirus Aid, Relief, and Economic Security Act (**CARES Act**) to help support businesses and families through the on-going novel coronavirus (COVID-19) pandemic.

In particular, the CARES Act expanded the SBA Section 7(a) loan program, also referred to as the "Paycheck Protection Program" (**PPP**), which aims to support small businesses. We are encouraging all our small business borrowers who are impacted by COVID-19 to consider applying for a loan under this new program, which provides some critical **benefits**, including:

1. **Cash** to cover select business expenses (such as employee salaries and payroll support, rent or mortgage and utilities payments, insurance premiums)
2. 10 months of **deferred loan payments**
3. **Loan forgiveness** (a portion, or possibly all, of your loan may be forgiven as long as proceeds are used to retain employees). **Borrower to repay funds not forgiven.**

Key Points to Know:

- Length of a PPP loan: 5 years
- Interest rate on a PPP loan: 1%
- Maximum dollar amount of a PPP loan: **2.5x** of your average total *monthly* payments for **payroll costs** of the business during the 1-year period before the loan is made. Payroll costs include salary, wage, vacation, parental, family, medical or sick leave, severance, health care benefits, and local taxes.
- Last day to apply for a PPP loan: **June 30, 2020**
 - BUT, please note that it takes time for you to complete the application and to process your approval.
 - Also, note that there is a limited amount of funds available under the CARES Act for PPP loans.

Required Information:

- Completed and Signed Application
- Payroll Documentation to verify total payroll costs (detailed in Fact Sheet link below). This can be verified through a combination of the following:
 - 2019 Tax Return
 - February 2020 payroll ledger detailing the number of employees.

To apply, please securely submit the required information to sbaloans@decorahbank.com or drop in the night depository at the Decorah Bank or Cresco Bank locations.

- Application Form:
 - https://home.treasury.gov/system/files/136/PPP-Borrower-Application-Form-Revised-June-2020.pdf?utm_campaign=NEWSBYTES-20200612&utm_medium=email&utm_source=Eloqua
- Fact Sheet:
 - <https://home.treasury.gov/system/files/136/PPP%20Borrower%20Information%20Fact%20Sheet.pdf?>
- SBA's information on Paycheck Protection Program:
 - <https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp>

Please know that while we are working remotely, we are here. I hope to hear from you soon.

SBA Paycheck Protect Program Application Checklist

- ❖ SBA Paycheck Protection Program Application Form
 - 2019 Year-End Payroll Reports:
 - Payroll Summary Report from payroll provider and/or internal report (QuickBooks, etc.)
 - 2019 Tax Return, if available
 - Forms 940 (annual) & all forms 941 (quarterly), if available
 - All Forms W-2's and W-3's
 - Quarterly State Unemployment Insurance (Form UIA)
 - All form 1099's issued during 2019
 - Additional useful payroll data:
 - Monthly health insurance expenses paid by the company for 2019
 - Employer contributions for retirement accounts, and when payments were made
 - Note for retirement contributions: examples might be company-matching, profit share payments, and the like, but not payments for employee deferrals
 - Please highlight any employees who may reside outside the US
 - Additional organizational documentation (bylaws, operating agreement, etc.) may be required if not already on file with Bank
 - Bank will require all necessary documents to comply with Bank Secrecy Act

IMPORTANT PROGRAM INFORMATION, IF APPROVED AND FUNDED:

PPP Loans may be forgiven, by adhering to following (subject to SBA final determination):

- 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 loan initiation
- Not more than 40% of the forgiven amount may be for non-payroll costs, detailed on Fact Sheet.
- Number of Staff: Your loan forgiveness may be reduced if you decrease your full-time employee headcount.
- Level of Payroll: Your loan forgiveness may 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.
- Rehiring: You have until June 20, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.

Tracking:

- Keep track of employees, pay rate, and wages during the 24-week period following loan initiation
 - Summary of rent/lease expense(s) during the 24-week period following loan initiation
 - Summary of utility expense amounts during the 24-week period following loan initiation
 - Complete a payment summary of existing company debt (especially mortgage, if applicable)
- Can use SBA's form found at https://www.sba.gov/sites/default/files/tools_sbf_sba202.pdf
- ***Diligent and accurate record keeping will be crucial during the 24-week period following loan initiation***
 - ***Important note: Forgiveness amount will NOT count as income to the borrower***