

Saturday, April 4, 2020

Regarding the PAYCHECK PROTECTION PLAN...

As an update, we are still in a holding pattern concerning the Paycheck Protection Plan (PPP). We continue to hear from customers that they are learning from others that banks are accepting PPP applications and that they are getting in line at the SBA. The information we know is somewhat different. While some banks are accepting applications for the program, they are not being processed with the Small Business Administration (SBA).

Your colleagues at Orange Bank & Trust Company understand how you feel at this moment. We have been listening to dozens and dozens of clients over the last few days and have felt their frustration with the introduction of the PPP. The program was rolled out quickly to help businesses in this challenging time. That was and is the right response. What we have found, however, is that the program has not provided enough guidance to properly manage the risk of, what is expected to be, an avalanche of submissions. The biggest banks in America, some of which are participating and some which are not, have the resources to account for the inevitable “shrinkage” that will occur with a program of this magnitude.

We have been working diligently over the last weeks trying to design a program that will work for our clients. And, when we say “work”, we mean from beginning to end. The rush and clamor to get this program on the street has clouded many from what may be a program that runs for two years and then some...if guarantees are called. We have a duty to our clients, employees and shareholders to make sure we sign on with a program that properly accounts for needs of our clients – first and foremost – but we also have to maintain the integrity of our Bank, including all the risks inherent with going forward with the PPP, including financial, legal and reputational risks, among others.

The reason we all come to work each day is to make our clients’ lives easier...at least from a banking perspective. And during this challenging time, we recognize that our jobs are even more important in safeguarding the livelihood and well-being of our clients.

Senior management of the Bank has already met virtually this morning – Saturday, April 4, 2020 – to review where we stand. We will continue to work through the weekend to monitor progress of the PPP and to position ourselves to participate immediately.

We know we don’t face the same challenges as our clients, but we will continue to work toward a solution in offering the PPP program and will let you know as soon as we have an answer.

In the meantime, we also recognize you must do what is right for your circumstances, which may include looking for a PPP solution now.

Part of what we’ve been we’ve been monitoring is the availability and access to the PPP through other bank and non-bank lenders. To date, we have determined that few organizations are submitting applications to the SBA. Many are simply “warehousing” applications (and information) until such time as they gain a comfort level to submit to the SBA.

While we make no representations whatsoever as to the ability, capacity or qualifications of the following outlets, we can point you to these websites for information purposes only:

[www.kabbage.com](http://www.kabbage.com)

Please check back here frequently as we will update our page when details emerge concerning our involvement with the PPP program.

Have a pleasant and safe weekend.

Michael Gilfeather  
President & CEO