

Paycheck Protection Program Liquidity Facility (PPPLF) Documentation Guide Reporting Requirements for Paydowns of PPP Loans Pledged to the PPPLF

This guide updated as of September 18, 2020, explains reporting requirements and expectations for PPPLF participants that receive loan forgiveness reimbursements or other payments on Paycheck Protection Program (PPP) loans that are pledged to the PPPLF. This guide is for descriptive purposes only and is not legally binding; participants should consult the Letter of Agreement governing participation in the PPPLF to understand their legal obligations with respect to the PPPLF. In summary, a participant must begin reporting upon receipt of forgiveness reimbursements from the SBA. Reporting must be submitted at least once every two weeks, and either will take the form of the reduction report, or an email notifying the lending Reserve Bank that no payments have been received.

When PPPLF participants receive any payments on PPP loans pledged as collateral for a PPPLF advance, they are required to pay those amounts (including accrued and unpaid interest on the amount of the payments) to the lending Reserve Bank so that the amount of the associated PPPLF advance outstanding does not exceed the outstanding amount of PPP loans pledged to secure the advance. A PPPLF participant must pay down a PPPLF advance:

- (i) Upon receipt of payment by the SBA for the amount of covered 7(a) loan forgiveness for any PPP loan that is pledged to secure an advance;
- (ii) Upon the purchase by the SBA of a PPP loan that is pledged to secure such advance to realize on the SBA's guarantee of that PPP loan; or
- (iii) When a borrower under a PPP loan that is pledged to secure such advance pays such PPP loan in full or in part.

A PPPLF participant must report any payments on PPP loans pledged as collateral immediately upon receipt of the payment. However, a PPPLF participant must begin *regular periodic reporting* of PPP loan paydowns only once it starts to receive payments on PPP loans pledged as collateral to the PPPLF that that are *forgiveness reimbursement payments from the SBA*.

When to Begin Regular PPP Loan Paydown Reporting; Timing and Frequency of Regular Reports

From the date that the PPPLF participant begins receiving forgiveness reimbursement payments from the SBA and begins forgiveness paydowns on PPP loans that are pledged to the PPPLF, the participant must report all reductions of its pledged PPP loan pools of a given maturity date to its lending Reserve Bank *every two weeks* (or more frequently, if requested by the lending Reserve Bank or if the participant wishes to report more frequently). The PPPLF participant is not required to report on pledged PPP loan maturity pools that did not receive *any* payments since its last report. If no payments were received for **any** pledged PPP loan maturity pools over the two week reporting period, notification of "no payments" (described below) should be made to the lending Reserve Bank.

A PPPLF participant may continue to report paydowns on PPP loans immediately rather than waiting to report every two weeks.

Paycheck Protection Program Liquidity Facility (PPPLF) Documentation Guide Reporting Requirements for Paydowns of PPP Loans Pledged to the PPPLF

Paydown Loan Reduction Report

PPPLF participants must report the value of payments received on PPP loans that are pledged to secure a PPPLF advance by submitting a single document:

The [Paycheck Protection Program Liquidity Facility \(PPPLF\) Individual PPP Loan Reduction Report \(reduction report\)](#).

This report is for submitting PPP loan reduction payments and the matching PPPLF advance reduction. The lending Reserve Bank will reduce the PPPLF advance amount to ensure that the PPPLF advance amount does not exceed the outstanding amount of PPP loans pledged to secure the advance.

A separate reduction report is needed for each PPP loan pool of a given maturity date. The PPPLF participant is not required to submit a reduction report on pledged PPP loan maturity pools that did not receive *any* payments since its last report. If no payments were received for *any* pledged PPP loan maturity pools over the two week reporting period, only an email to the lending Reserve Bank confirming no payments is needed. See the section on Notification of No Payments.

The new single form (as of September 18, 2020) replaces the two separate forms that were used previously (as of May 19, 2020), reducing burden on participants. Instructions for filling out the reduction report are set forth below.

Filling out the Reduction Report

The reduction report is available per the above link and in the forms section on the [PPPLF website](#). A separate reduction report is needed for each PPP loan pool of a given maturity date. A PPPLF advance is defined by the maturity date of the PPP loan pool that is pledged to support the advance, the number of loans in the original PPP loan pool, and the original total par amount. When preparing the reduction report, the report should not be altered in any way other than to add more rows for individual loan information, if necessary.

The origination/issue date generally should match the date on the promissory note of the PPP loans in the pool (but may not in all cases). The As-of date is the date the current outstanding principal balance was generated. For the Applicable Regional FHLB field, FHLB members must select their Regional FHLB; non-members can select N/A. The following data elements are required for each individual PPP loan in the pledged pool:

- The Lending Institution's loan number in the PPPLF participant's loan system
- The 10-Digit SBA Loan Number assigned by the SBA
- The Small Business Borrower Name is the PPP borrower's name
- The Original Par Amount of the PPP loan
- The Current Outstanding Principal Balance of the PPP loan
- The Maturity Date of the PPP loan (All of the listed loans must have the same maturity date)
- The Interest Next Due Date (During the period of deferred PPP loan payment, may be blank)
- The Principal Next Due Date (During the period of deferred PPP loan payment, may be blank)

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IMPORTANT NOTE: The updated pledged pool must include **only those PPP loans that were included to secure the PPPLF advance**, less any that have been withdrawn or fully paid off. Substitution of PPP loans **is not permitted**, and any added loans will be removed, and the PPPLF advance will be reduced accordingly.

Submitting the Reduction Report

The reduction report must be submitted by email, from the email account of the individual or individuals authorized in the PPPLF Letter of Agreement to pledge PPPLF collateral and request PPPLF advances on behalf of the participant. The email must be sent to the PPPLF email address at the lending Reserve Bank; these email addresses are available here under the [Select Your District](#) page on the website.

Note: If the participant's "Authorizing Resolution for Borrowers" on file with the lending Reserve Bank requires two individuals to conduct discount window-related activities on behalf of the participant, two individuals must **act jointly** to submit the reduction report. *The submission email should be initiated by the first individual and forwarded to the second individual, who must send the forwarded email to the lending Reserve Bank.*

Notification of "No Payments" for Reporting Period

If the PPPLF participant received no payments on any PPP loans in any of its pledged PPP loan pools over the regular reporting period, an individual authorized in the participant's Letter of Agreement (only one individual is necessary for this purpose) may send an email to the lending Reserve Bank to report that none of the pledged loan pools received a payment.

How Soon Following the Submission of the Reduction Report will the Lending Reserve Bank Debit the Amount of the PPPLF Prepayment and Interest to the Participant's Account?

A Reserve Bank will generally debit the amount of the PPP loan paydowns on the same business day as the date that the reduction report is submitted, or the following day if the submission is received late in the day. These amounts will be debited from the master account of the PPPLF participant, or from the master account of the PPPLF participant's correspondent, along with any associated accrued and unpaid interest.

**Paycheck Protection Program Liquidity Facility (PPPLF) Documentation Guide
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How a PPPLF Prepayment Might be Adjusted by the Lending Reserve Bank

If deficiencies in a collateral pool are found (for example: newly pledged PPP loans, PPP loans that increased in value rather than decreased in value/staying the same value, duplicate loan entries), the lending Reserve Bank may debit part of the PPPLF advance (along with associated accrued and unpaid interest), return excess collateral to the PPPLF participant, or take other actions as needed in order to ensure that the balance of the PPPLF advance matches the total outstanding balance of the PPP loans pledged as collateral.

Summary of Reporting Requirement

<u>Start of Reporting</u>	<u>Reporting Frequency</u>	<u>Reporting Requirement</u>
When forgiveness reimbursement payments begin	At least once every two weeks	<ul style="list-style-type: none"> • Reduction Report only for pledged PPP maturity loan pools with reductions or • Email notification that no PPP loan paydowns have been received during reporting period