

Paycheck Protection Program Liquidity Facility (PPPLF) Operational Documentation Guide Depository Institutions

This guide describes how PPPLF Depository Institution participants fill out and submit the documents necessary to pledge PPP loans as collateral for PPPLF advances. This guide is for descriptive purposes only and is not legally binding.

To request a PPPLF advance a participant must submit the following documents: (1) “Paycheck Protection Program Liquidity Facility PPP Pledge and Advance Request” (advance request) and (2) the PPPLF Letter of Agreement as amended January 14, 2021, (Amended Letter of Agreement) (refer to PPPLF Borrowing Documentation Guide for additional information). The advance request is used to pledge PPP loans as collateral to the PPPLF and at the same time request a PPPLF advance. The advance request and the PPPLF (Amended Letter of Agreement) are available on the [PPPLF page](#) of the website. Two additional documents must be submitted if the PPPLF borrower wishes to pledge PPP loans that the PPPLF borrower purchased from another PPP lender, as described below under “Pledging PPP Loans That Have Been Purchased From Other PPP Lenders.”

Filling out the Advance Request

- In order to be pledged as PPPLF collateral, a PPP loan ***must have an SBA loan number***.
- Only PPP whole loans, including PPP second draw loans or loans that are increased pursuant to the Economic Aid Act, may be pledged as PPPLF collateral.
- Only PPP Loans guaranteed by the Small Business Administration (“SBA”) are eligible to serve as collateral for the PPP Loan Facility.
- Purchased PPP loans that are pledged to the PPPLF must be purchased in accordance with the SBA’s requirements for the sale and purchase of whole PPP loans¹. An institution that pledges purchased PPP loans to the PPPLF must provide the Reserve Bank with additional documentation, described below under “Pledging PPP Loans That Have Been Purchased From Other PPP Lenders.”
- Reserve Banks will make PPPLF advances based on pools of pledged PPP loans by maturity date. The PPPLF borrower must assemble all PPP loans that it intends to pledge as PPPLF collateral into separate pools grouped by maturity date. A separate advance request must be prepared for every maturity pool. One PPPLF extension of credit will be made on a pool of PPP loans having the same maturity date (with one exception, described below).

¹ The SBA procedural notice 5000-0024, May 1, 2020. <https://www.sba.gov/document/procedural-notice-5000-20024-guidance-whole-loans-sales-paycheck-protection-program-loans>

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IMPORTANT NOTE: A Reserve Bank will make **one and only one** advance to a PPPLF borrower that is secured by PPP loans that mature on a particular date, with one exception (see below). For this reason, a PPPLF borrower should ensure that it pledges **at one time** all PPP loans with that maturity date that it wishes to pledge. Once a maturity pool has been submitted and the PPPLF advance made, no additional PPP loans or loan pools with that maturity date will be accepted as PPPLF collateral.

Exception: If a PPPLF borrower already has an outstanding PPPLF advance secured by PPP loans with a maturity date prior to May 15, 2020, and subsequently wishes to pledge purchased PPP loans with that same maturity date, Reserve Banks will allow a single additional PPPLF advance secured by the purchased loans that have the same maturity date as an outstanding PPPLF advance. Such additional advances must be secured **only** with purchased PPP loans that mature on that particular date.

Pledging PPP Loans That Have Been Purchased From Other PPP Lenders

If any of the pledged PPP loans were purchased from other PPP lenders, copies of the SBA “Acknowledgement of PPP Whole Loan Sale” letters, along with the accompanying listings of purchased loans, must also be submitted. More than one SBA acknowledgement letter and purchased loan listing will be required if the pledged loan pool contains PPP loans from more than one purchase. It is not necessary to amend the purchased loan listings provided by the SBA to remove loans that are not being pledged to the PPPLF; the PPPLF pledge is defined by the PPP loans listed in the PPPLF listing.

Filling out the “PPP Loan Listing Section” of the Advance Request

The advance request 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. PPPLF borrowers must list the individual loans in the pledged PPP loan pool. Each individual loan must be listed in the PPP Loan Listing section of the advance request. When preparing the loan listing, the loan listing form should not be altered in any way other than to add more rows for individual loan information.

In the advance request, the Origination Date of the Pledged Loan Pool is the date of the promissory note for the PPP loans in the pool. The Valuation As-of Date is the date the detailed listing was generated by the borrower. FHLB members must select their Regional FHLB from the menu; non-members can select N/A. The following data elements are required for each individual PPP loan in the pledged pool:

- The obligation or loan number in the PPPLF borrower’s loansystem
- The SBA loan number assigned by the SBA
- The PPP borrower’s name “Small Business Borrower Name”
- The original par amount of the PPP loan
- The current outstanding balance of the PPP loan (During the period of deferred PPP loan

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payment, current outstanding balance should equal original par)

- 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)

Submitting the Advance Request

The advance request (and, if necessary, SBA documentation for purchased loans) must be submitted by email, from the email account of an individual authorized in the PPPLF (Amended Letter of Agreement) to pledge PPPLF collateral and to request PPPLF advances on behalf of the PPPLF borrower. A separate email is required for each advance request; only one advance request template should be included per email.

Note: If the borrower's Authorizing Resolution requires two individuals to conduct discount window-related activities on behalf of the borrower, two individuals must **act jointly** to submit the advance request. *The submission email should be initiated by the first individual, forwarded to the second, and then submitted to the Reserve Bank.*

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.

How Soon Will the PPPLF Advance be Made Following Submission of the Advance Request?

A PPPLF advance will generally be made on the business day following the submission of the loan request documentation. The proceeds will be available at the end of the day the advance is made. In periods of very high demand for PPPLF advances, such as is expected at the start of the facility, additional time may be needed for the advance to be made.

How a PPPLF Advance Might be Adjusted by the Reserve Bank

As needed, the lending Reserve Bank may work with the PPPLF participant to adjust their advance. The pledged PPP collateral amount must equal the amount of the PPPLF advance. If deficiencies in the collateral pool are found (for example: non-PPP loans, duplicated loan entries, loans with maturity dates that do not match the maturity date of the PPPLF advance), the Reserve Bank may deduct part of the PPPLF advance (along with associated accrued and unpaid interest), return excess collateral to the PPPLF borrower, or take other actions as needed in order to ensure that the balance of the PPPLF advance is not greater than the total outstanding balance of the PPP loans pledged as collateral to secure that PPPLF advance.

How a PPPLF Advance Might be Increased by the Reserve Bank

In certain circumstances as approved by the SBA, PPP lenders may increase the amount of a PPP loan that was previously disbursed to them but not fully used. When the balance of a PPP loan that is pledged to the

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PPPLF is increased in accordance with SBA rules, the pledging PPPLF participant must contact its lending Reserve Bank to discuss steps to update the related PPPLF advance. If the participant wishes to continue pledging the PPP loan with an increased value, the PPPLF participant must payoff existing PPPLF advance using the [“Transmittal Form for Full Payoff”](#) and submit a new advance request that includes the increased PPP loan balance(s) by completing the [“Paycheck Protection Program Liquidity Facility PPP Pledge and Advance Request \(advance request\)”](#). Further information on the process to report increases to PPP loans pledged to the PPPLF is available in the [NEW Paycheck Protection Program Liquidity Facility \(PPPLF\) FAQs](#).

Alternatively, the participant can choose to withdraw the loan with an increased amount by completing the [“Individual PPP Loan Reduction Report \(reduction report\)”](#). One of these actions is required, because the amount of a PPPLF advance must equal the amount of the pledged PPP collateral pool.