

**Paycheck Protection Program Liquidity Facility (PPPLF)
Borrowing Documentation Guide for Non-Depository Institution Participants**

Overview

This guide describes how non-depository institutions fill out and submit the legal documents necessary to qualify for the PPPLF program. This guide is for descriptive purposes only and is not legally binding.

As of April 30, 2020, non-depository institutions that *originate* PPP loans are eligible to borrow from the PPPLF. To qualify for the PPPLF, a non-depository institution must submit three pieces of legal borrowing documentation to the appropriate Reserve Bank. The documents are available on the [PPPLF website](#):

1. an authorizing resolution for non-bank borrowers,
2. a letter of agreement, and
3. a borrower certification.

Executing the Authorizing Resolution for Borrowers

The Authorizing Resolution for Borrowers, among other provisions, designates individuals who are authorized to borrow from and pledge assets to a Reserve Bank on behalf of the non-depository institution. Executing the borrowing resolution requires the formal approval of the borrower's Board of Directors or other governing body. The resolution identifies individuals by title that may act on behalf of the "Borrower" as well as provide in the letter of agreement the names, titles, and email addresses of additional authorized individuals. The certifying official that signs the authorizing resolution may not also be a person authorized in paragraph 2 to act on behalf of the participant when borrowing from and pledging assets to the Reserve Bank.

Some tips for filling out the resolution include:

- "Borrower" must be the exact legal name of the Non-Depository Institution
- Head office location must be a street address
- The borrower may specify that a single person may take advances and pledge collateral on behalf of the institution, or require that the permission of two people is required to take these actions

Executing the Letter of Agreement

The PPPLF Letter of Agreement is available on the PPPLF for Non-Depository Institutions website. Changes to this document will not be accepted. The letter of agreement states the borrower's obligations under the PPPLF and requires the borrower to designate a depository institution with an account at a Reserve Bank to enable advances and payments. A Reserve Bank settles debit and credit transitions for the borrower to the designated depository institution's account. [See below for more information on depository institution relationships].

The Letter of Agreement must list the names, titles, telephone numbers, and email addresses of the individuals who are authorized to pledge PPPLF collateral and request PPPLF advances on behalf of the borrower. [Please note that PPPLF loan requests will not be accepted from individuals not listed in the letter of agreement.] The letter of agreement must be signed by an individual authorized to sign documents on behalf of the borrower as provided in the Authorizing Resolution for Borrowers. Electronic signatures or scanned signatures are acceptable.

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IMPORTANT NOTE: The PPPLF Letter of Agreement contains several important provisions that are useful to know when submitting PPPLF loan requests. Among these provisions, by executing the PPPLF Letter of Agreement, a PPPLF program borrower:

- Agrees that only PPP loans are to be pledged as collateral to the PPPLF
- Agrees that the Reserve Bank may combine PPPLF collateral into pools of PPP loans having the same maturity date for purposes of making advances on the pooled PPPLF collateral, and shall have the right (but not the obligation) to separate, divide, or process on a lag any PPPLF advance as the Reserve Bank may determine to be advisable or convenient for administration
- Agrees to immediately prepay a PPPLF advance after receiving any payments on PPP loans pledged as collateral for the advance so that the amount of any PPPLF advance outstanding does not exceed the outstanding amount of PPP loans pledged to secure the advance. Prepayments of any advance shall be accompanied by accrued and unpaid interest. Immediate prepayment is necessary:
 - (i) Upon receipt of payment by the SBA for the amount of covered 7(a) loan forgiveness for any PPP loan (or, in the case of a pool of PPP loans, a PPP loan in such loan pool) that is pledged to secure an advance;
 - (ii) Upon the purchase by the SBA of a PPP loan (or, in the case of a pool of PPP loans, a PPP loan in such loan pool) 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 (or, in the case of a pool of PPP loans, a PPP loan in such pool) repays or prepays such PPP loan
- Agrees that PPPLF advances become recourse obligations if the borrower breaches any representation, warranty or covenant of the PPPLF Agreement (including if any PPPLF collateral fails to satisfy the requirements of the PPP) or if the borrower has engaged in fraud or misrepresentation.

Designated Depository Institution with a Federal Reserve Account

Non-depository institution participants must establish a relationship with a designated depository institution with a Federal Reserve account in order to receive and repay PPPLF advances. The borrower is responsible for identifying the designated depository institution. A Reserve Bank settles debit and credit transactions for the borrower to the account of the designated depository institution. More detail about the specific responsibilities is available in the [posted copy of Appendix 5](#) of [Operating Circular 10](#).

The non-depository institution participant must designate the depository institution in the PPPLF Letter of Agreement and submit the depository institution letter of agreement found in the section labeled "For Borrower's Depository Institution." Please note that this letter requires the authorization of the designated depository institution and must be signed by an authorized representative of the depository institution. Electronic signatures or scanned signatures are acceptable.

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Filling out the Borrower Certification

The Borrower Certification is required to ensure that the lending Reserve Banks meet their statutory requirements for lending programs established under Section 13(3) of the Federal Reserve Act, such as the PPPLF. *Without this information, the Reserve Banks cannot legally lend under the PPPLF.* Under the law, the Reserve Banks must establish procedures to prohibit borrowing by insolvent borrowers, and obtain evidence that a program participant is unable to secure adequate credit accommodations from other banking institutions before such lending begins. For the PPPLF, the Reserve Banks will meet these requirements by obtaining a Borrower Certification from the PPPLF participant. Changes to this document will not be accepted. Following is guidance for participants in making the certifications. The Borrower Certification must be signed by an individual authorized to sign documents on behalf of the borrower as provided in the Authorizing Resolution for Non-Bank Borrowers, with the name of the borrower noted directly above.

- **Not Insolvent:** For a PPPLF participant to comply with the requirement for certifying that it is not insolvent, it may certify that it is not (1) in bankruptcy, resolution under Title II of the Dodd- Frank Wall Street Reform and Consumer Protection Act, or any other Federal or State insolvency proceeding, and that it is not (2) generally failing to pay undisputed debts as they become due during the 90 days preceding the date of borrowing under PPPLF.
- **Lack of Adequate Credit Accommodations:** For a PPPLF participant to comply with the requirement for certifying that it lacks adequate credit accommodations from other banking institutions, it may rely on current economic or market conditions, including conditions related to the availability and price of credit available to small businesses in light of the COVID-19 pandemic. A PPPLF participant *is not required to certify that credit is unavailable.* Rather, the PPPLF participant can rely on the fact that credit is not available at prices or on conditions that are consistent with the purposes of the PPPLF or with normal market conditions. In particular, a PPPLF participant may rely on the fact that the *Board of Governors of the Federal System authorized the establishment of the PPPLF to improve the ability of PPP lenders to obtain reasonably priced long-term financing for PPP loans.*

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Submitting the PPPLF Documentation

The PPPLF borrowing documentation must be submitted by email to the PPPLF email address at the appropriate Reserve Bank specified below. These assignments and email addresses are available below in the PPPLF Contact Table for Non-Depository Institutions, and on the [PPPLF for Non-Depository Institutions page](#) on the website.

PPPLF Contact Table for Non-Depository Institutions

| Borrower Entity Type | Processing Reserve Bank | Email, Telephone & Mailing Address |
|--|---------------------------------------|---|
| <ul style="list-style-type: none"> • Non-bank Community Development Financial Institution (CDFI) - certified by the U.S. Department of the Treasury | Federal Reserve Bank of Cleveland | Email: CLEV.pppfcredit@clev.frb.org Telephone: (888) 719-4636 Credit Risk Management Federal Reserve Bank of Cleveland P.O. Box 6387 Cleveland, OH 44101-1387 |
| <ul style="list-style-type: none"> • Small Business Lending Company (SBLC) - licensed and regulated by the Small Business Administration • Agricultural Credit Association (ACA) -member of the Farm Credit System | Federal Reserve Bank of Minneapolis | Email: mpls.credit@mpls.frb.org Telephone: (877) 837-8815 Credit/PSR Section Federal Reserve Bank of Minneapolis P.O. Box 291 Minneapolis, MN 55480-0291 |
| <ul style="list-style-type: none"> • All other Non-Depository SBA PPP Lenders | Federal Reserve Bank of San Francisco | Email: ppplfcredit@sf.frb.org Telephone: (866) 974-7475 Credit Risk Management Federal Reserve Bank of San Francisco 101 Market Street, MS 830 San Francisco, CA 94105 |