

## **Paycheck Protection Program Liquidity Facility (PPPLF) Operational Documentation Guide for Non-Depository Institutions**

This guide describes how PPPLF non-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 qualify for the PPPLF, a non-depository institution must submit three pieces of borrowing documentation to the appropriate Reserve Bank: an Authorizing Resolution for Borrowers (PPPLF Non- Depository Institutions), a Letter of Agreement, amended January 14, 2021 (Amended Letter of Agreement), and a Borrower Certification. All three documents are available on the [PPPLF for Non-Depository Institutions website](#) on the FRB Discount Window website.

Along with the procedures noted in this guide, please refer to the Borrowing Documentation Guide for additional instruction.

### Executing the Borrowing Documents (available on the PPPLF for Non-Depository Institutions Website)

1. **Authorizing Resolutions for Borrowers (PPPLF for Non-Depository Institutions)**  
The Authorizing Resolutions for Borrowers provides an institution's authorization to borrow from and pledge assets to a Reserve Bank. Executing the Borrowing Resolution requires the formal approval of the institution's Board of Directors or other governing body. The resolution identifies individuals by title that may act on behalf of the institution "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 be a person authorized in paragraph
  
2. **Amended Letter of Agreement**  
The PPPLF Amended Letter of Agreement states the borrower's obligations under the PPPLF and requires the designation of a depository institution, with a master account at a Federal Reserve Bank, to act as a correspondent for the borrower. The Amended 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 Amended 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.
  
3. **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 institutions, 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 using certifications from the PPPLF participants. 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 Borrowers, with the name of the borrower noted as the "Borrower."

### Executing the Operational Documentation (available on the PPPLF for Non-Depository Institutions website)

Following acceptance by the Reserve Bank of the PPPLF participant's PPPLF borrowing documents (Authorizing

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Resolutions, Amended Letter of Agreement, and Borrower Certification), a PPPLF participant must submit a “Paycheck Protection Program Liquidity Facility PPP Pledge and Advance Request” (advance request) to request a PPPLF advance:

The advance request is used to pledge PPP loans as collateral to the PPPLF and at the same time request a PPPLF advance.

### Filling out the Advance Request

The Advance Request form requires the borrower to enter a “Customer Identification Number (CIN).” The Federal Reserve will assign a CIN to the borrower and will provide it to the borrower upon processing the Letter of Agreement.

- In order to be pledged as PPPLF collateral, a PPP loan must have an SBA loan number.
- Only PPP whole loans may be pledged as PPPLF collateral.
- No other claims on PPP loans other than the Reserve Bank’s are permitted. An eligible borrower may pledge SBA-guaranteed PPP Loans that it has originated or purchased, including PPP second draw loans or loans that are increased pursuant to the Economic Aid Act.
- 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 loans.<sup>1</sup> 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.” This documentation must be emailed with the advance request to the processing Reserve Bank.

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.

**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.

### 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.

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<sup>1</sup> 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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### 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. The loan listing section cannot be altered in any way other than to add more rows if necessary for individual loan information.

The following data elements are required on the loan listing form 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 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)

In the advance request, the Origination date of Pledged Loan Pool is the date of issuance of 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; for Non Depository Institutions this field is generally set to N/A but some Non-bank Community Development Financial Institutions (CDFI) may have an association with the FHLB and should make the appropriate selection.

### 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 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. The PPPLF advance request must be sent to the PPPLF email address at the relevant Reserve Bank; these email addresses are available in the PPPLF Contact Table for Non Depository Institutions or on the [PPPLF for Non Depository Institutions website](#).

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Note: If the borrower's Authorizing Resolutions 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.*

### How Soon Will the PPPLF Advance be Made Following Submission of 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 but not fully used. When the balance of a PPP loan that is pledged to the 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.

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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**

<b>Borrower Entity Type</b>	<b>Processing Reserve Bank</b>	<b>Email, Telephone &amp; Mailing Address</b>
<ul style="list-style-type: none"> <li>• Non-bank Community Development Financial Institution (CDFI) - certified by the U.S. Department of the Treasury</li> </ul>	Federal Reserve Bank of Cleveland	Email: <a href="mailto:CLEV.pppplfcredit@clev.frb.org">CLEV.pppplfcredit@clev.frb.org</a> 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"> <li>• Small Business Lending Company (SBLC) - licensed and regulated by the Small Business Administration</li> <li>• Agricultural Credit Association (ACA) -member of the Farm Credit System</li> </ul>	Federal Reserve Bank of Minneapolis	Email: <a href="mailto:mpls.credit@mpls.frb.org">mpls.credit@mpls.frb.org</a> 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"> <li>• All other Non-Depository SBA PPP Lenders</li> </ul>	Federal Reserve Bank of San Francisco	Email: <a href="mailto:ppplfcredit@sf.frb.org">ppplfcredit@sf.frb.org</a> Telephone: (866) 974-7475 Credit Risk Management Federal Reserve Bank of San Francisco 101 Market Street, MS 830 San Francisco, CA 94105