

April 30, 2020

Federal Reserve Expands Access to its Paycheck Protection Program Liquidity Facility

The Federal Reserve announced this afternoon that it will expand access to its Paycheck Protection Program Liquidity Facility (PPPLF) to additional lenders and that they expanded the collateral that can be pledged. The changes will facilitate lending to small businesses via the Small Business Administration's (SBA) Paycheck Protection Program (PPP).

As a result of the changes, all PPP lenders approved by the SBA, including non-depository institution lenders, are now eligible to participate in the PPPLF. SBA-qualified PPP lenders include banks, credit unions, Community Development Financial Institutions, members of the Farm Credit System, small business lending companies licensed by the SBA, and some financial technology firms. When the PPPLF was announced, the Federal Reserve said the facility would immediately lend to depository institutions and that non-depository institutions would be added as soon as possible.

Additionally, eligible borrowers will be able to pledge whole PPP loans that they have purchased as collateral to the PPPLF. An institution that pledges a purchased PPP loan will need to provide the Reserve Bank with documentation from the SBA demonstrating that the pledging institution is the beneficiary of the SBA guarantee for the loan.

The SBA's PPP guarantees loans from qualified lenders to small businesses so that those businesses can keep workers employed. The PPPLF supports the PPP by extending credit to financial institutions that make or purchase PPP loans, using the loans as collateral. The additional liquidity from the PPPLF increases the capacity of financial institutions to make additional PPP loans.

For additional information see the links below

- [Frequently Asked Questions](#)

Related Practices

CARES Act Relief
COVID-19 Resource Center
Michael Best Strategies LLC

- Paycheck Protection Program Liquidity Facility (PPPLF)

Term Sheet: Paycheck Protection Program Liquidity Facility (PDF)

Related People

Denise Bode

dabode@michaelbeststrategies.com

T 202.844.3804