

Federal Reserve Expands Access to Paycheck Protection Program Lending Facility to Non-Depository Institution Lenders

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Original post [here](#).

On April 30, the Federal Reserve (Fed) [announced](#) that it had expanded access to its Paycheck Protection Program Lending Facility (PPPLF) to allow non-depository institution lenders to participate.

The Fed's PPPLF compliments the Small Business Administration's (SBA) Paycheck Protection Program (PPP), which guarantees loans made by financial institutions to small businesses with less than 500 employees. Eligible lenders can use the PPP loans as collateral to borrow from the Fed. On April 23, Congress [expanded](#) the size of the PPP to \$659 billion.

The SBA had [approved](#) non-bank lenders like Paypal, Square, and Intuit to issue PPP loans, but the PPPLF was [originally](#) only open to depository institutions. In its first PPPLF [term sheet](#), effective April 9, the Fed indicated that it was working to expand access to other lenders. With the expansion, the PPPLF is now open to all lenders that are eligible to issue PPP loans. Beyond financial technology companies, new lenders also include Community Development Financial Institutions, members of the Farm Credit System, and SBA-licensed small business lending companies.

Whereas the PPPLF originally only accepted PPP loans that lenders had originated as collateral, it will now accept PPP loans that the lender either originated or purchased.

The Fed also updated, as outlined in the table below, the Reserve Bank through which the newly eligible lenders will access the program.

Eligible Borrower Type	Reserve Bank
Depository institution or credit union	The Reserve Bank in whose District the eligible depository institution is located (see Regulation D, 12 CFR 204.3(g)(1)–(2), for determining location)
Community development financial institution as defined in 12 U.S.C. § 4702 and certified by the U.S. Treasury (that is not a depository institution or credit union)	Federal Reserve Bank of Cleveland
Member of the Farm Credit System (that is not a depository institution or credit union)	Federal Reserve Bank of Minneapolis
Small business lending companies as defined in 13 CFR 120.10 (that is not a depository institution or credit union)	Federal Reserve Bank of Minneapolis
Other eligible borrower type not listed above	Reserve Bank of San Francisco