

April 14, 2020

To: New York Community Banks

We finally have word from Treasury and SBA that Directors are eligible for PPP from their banks. Please see below, and click on the link to read the additional guidance.



**U.S. Treasury Department
Office of Public Affairs**

Press Release: April 14, 2020
Contact: Treasury Public Affairs, (202) 622-2960

Additional Guidance Regarding the Paycheck Protection Program

All:

Please be advised that we have released additional guidance regarding the Paycheck Protection Program:

- [Interim Final Rule – Additional Eligibility Criteria and Requirements for Certain Pledges of Loans](#)

For more information and updates, visit [Treasury.gov/CARES](https://www.treasury.gov/CARES) and [SBA.gov/PaycheckProtection](https://www.sba.gov/PaycheckProtection).

Best,
Brian

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Once again, here is the link to the guidance:

<https://home.treasury.gov/system/files/136/Interim-Final-Rule-Additional-Eligibility-Criteria-and-Requirements-for-Certain-Pledges-of-Loans.pdf>

This section appears to answer the question:

a. Are eligible businesses owned by directors or shareholders of a PPP Lender permitted to apply for a PPP Loan through the Lender with which they are associated? The Administrator recognizes that, unlike other SBA loan programs, the financial terms for PPP Loans are uniform for all borrowers, and the standard underwriting process does not apply because no creditworthiness assessment is required for PPP Loans. Consequently, there is no meaningful risk of underwriting bias or below-market rates and terms. The Administrator also recognizes that many directors and equity holders of PPP Lenders are owners of unrelated businesses. For those reasons, the Administrator, in consultation with the Secretary, has determined that SBA regulations (including 13 CFR 120.110 and 120.140) shall not apply to prohibit an otherwise eligible business owned (in whole or part) by an outside director or holder of a less than 30 percent equity interest in a PPP Lender from obtaining a PPP loan from the PPP Lender on whose board the director serves or in which the equity owner holds an interest, provided that the eligible business owned by the director or equity holder follows the same process as any similarly situated customer or account holder of the Lender. Favoritism by the Lender in processing time or prioritization of the director's or equity holder's PPP application is prohibited. The Administrator cautions, however, that Lenders should comply with all other applicable state and federal regulations concerning loans to associates of the Lender. Lenders should also consult their own internal policies concerning lending to individuals or entities associated with the Lender.

**IBANYS will continue to provide updates as additional information becomes available.
Thanks for your participation and support.**

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