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MEMORANDUM

To: Vermont Banks and Credit Unions

**From: Molly Dillon, Deputy Commissioner of Banking
Vermont Department of Financial Regulation**

Date: April 9, 2020

Re: SBA Paycheck Protection Program Loans

The Department has received questions about the relationship between SBA Paycheck Protection Program (“PPP”) loans authorized by § 1102 of the CARES Act and statutory lending limits for Vermont banks and credit unions. The lending limit for banks is found at 8 V.S.A. § 14301(d). The lending limits for credit unions is found at 8 V.S.A. § 32301(e). Both statutes provide that the following is not counted as indebtedness subject to the lending limit:

(H) Any portion of any indebtedness which the United States government, or an agency or instrumentality of the United States unconditionally agreed to purchase or has unconditionally guaranteed as to payment of both principal and interest. . . .

8 V.S.A. §§ 14301(d)(2)(H), 32301(e)(2)(H).

The Department will consider PPP loans as falling within the above exemption and will not criticize banks or credit unions that make PPP loans under 8 V.S.A. §§ 14301(d)(2)(H) or 32301(e)(2)(H) when calculating statutory lending limits. This exemption applies to the extent of the guarantee.

This guidance only applies to loans made under the SBA Paycheck Protection Program. SBA guidance currently provides that PPP loans are available until June 30, 2020 or when funds available for PPP loans are exhausted.

Banks and credit unions should also review the SBA Interim Final Rule, “Business Loan Program Temporary Changes; Paycheck Protection Program” [Docket No. SBA-2020-0015] for additional guidance on the Paycheck Protection Program, including, without limitation, guidance on applicable BSA requirements.

Banks and credit unions should continue sound monitoring and forecasting programs for liquidity and capital risk management purposes.