

STATE OF CONNECTICUT
DEPARTMENT OF BANKING
260 CONSTITUTION PLAZA – HARTFORD, CT 06103



To: Chief Executive Officers of Connecticut-chartered Credit Unions
From: Jorge L. Perez, Banking Commissioner
Date: April 9, 2020
Subject: Guidance on Legal Lending Limit, PPP, Collaboration, and Cleanliness Reminder

The Connecticut Department of Banking (the “Department”) has received several questions related to whether loans made as part of the U.S. Small Business Administration’s (“SBA’s”) Paycheck Protection Program (“PPP”) are subject to the legal lending limit for loans to any one obligor. This letter addresses that issue and also provides several other reminders for state-chartered credit unions during the COVID-19 outbreak.

Legal Lending Limit for Credit Unions and PPP

Connecticut-chartered credit unions are subject to certain legal lending limits with respect to member business loans as provided in Section 36a-458a of the Connecticut General Statutes. The definition of “member business loan” does not include loans “where any agency of the federal government, a state or any political subdivision of such state, fully insures or guarantees repayment, or provides an advance commitment to purchase the loan in full.” Conn. Gen. Stat. § 36a-458a(a)(3)(iv).

The PPP was established by Sections 1102 through 1106 of the CARES Act as part of federal efforts to encourage additional small business lending to those businesses impacted by the COVID-19 outbreak. Loans made under the PPP are fully guaranteed by the SBA.

Given that loans made under the PPP are fully guaranteed by the SBA, such loans fall within the scope of the member business loan definition exemption provided in Section 36a-458a(a)(3)(iv) of the Connecticut General Statutes. PPP loans will therefore be exempted from the calculation of the legal lending limit and are not considered member business loans under Section 36a-458a of the Connecticut General Statutes.

Department Information on PPP

The Department has gathered several resources for both lenders and borrowers regarding the PPP. That information is located at <https://portal.ct.gov/DOB/Consumer/Consumer-Help/Federal-Paycheck-Protection-Program> and will be updated periodically as additional information becomes available.

Working with Members

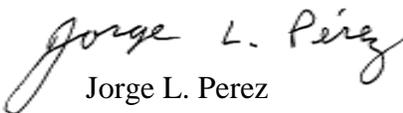
We recognize and commend the efforts made by credit unions to date to work with their members during the COVID-19 outbreak. The COVID-19 outbreak is having an impact throughout the state and country. In light of that fact, we encourage credit unions to continue their efforts to work with their members and other financial institutions.

Branch Cleanliness

Given the public health concerns associated with the COVID-19 outbreak, we encourage credit unions to be mindful of the cleanliness of all aspects of their current branch operations. For the protection of both branch staff and members, institutions should take great care to sanitize workspaces, deposit tubes, and other branch apparatuses that are subject to regular human contact.

The Department's staff is ready to work with financial institutions who may be impacted by the COVID-19 outbreak. Please do not hesitate to contact Financial Institutions Division Director Mary Ellen O'Neill at mary.oneill@ct.gov or #860-240-8185 or myself at Jorge.perez@ct.gov or #860-240-8100 if you have any questions or suggestions. We encourage you to share this letter with your management team and employees.

Sincerely,



Jorge L. Perez
Banking Commissioner