



April 24, 2020

The Honorable Jerome Powell
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, D.C. 20551

Dear Chairman Powell:

We appreciate the efforts the Federal Reserve is taking to support economic recovery in response to the COVID-19 crisis. We are writing today about the Paycheck Protection Program Liquidity Facility (“PPP Facility”). We understand the Federal Reserve is working to expand eligibility to the PPP Facility, and we urge the Federal Reserve to make the PPP Facility available to nonbank community financial institution lenders, including certified Community Development Financial Institutions (CDFIs), so that underserved businesses can get access to this critical capital.

We are concerned that the most at-risk businesses—smaller businesses, minority- and women-owned businesses, and businesses located in low-income communities—will not have access to the Small Business Administration’s (SBA) Paycheck Protection Program (PPP) loans. One effective way to reach these vulnerable businesses is through the nation’s network of CDFIs—banks, credit unions, and nonprofit loan funds certified by the U.S. Department of the Treasury as having a primary mission of providing credit and capital to distressed communities and underserved borrowers.

There are more than 1,100 certified CDFIs throughout the country, the majority of which are nonprofit nonbank loan funds—including approximately 80 loan funds that already have SBA 7(a) licenses and many more that have extensive small business lending experience. However, none of these CDFI loan funds can access the PPP Facility because it is currently only open to insured depository institutions.

Because CDFIs lack the liquidity of large banks, it is important to provide access for nonbank CDFIs to the PPP Facility so that these lenders can provide loans to underserved businesses. The Federal Reserve’s term sheet for the PPP Facility indicates that it may consider expanding eligibility to nonbank lenders “in the near future,” and a recent press release stated the Federal Reserve is working to expand access to the Facility to additional SBA-qualified lenders as soon as possible.

We request that the Federal Reserve move quickly to open the PPP Facility to nonbank community financial institutions, including all certified CDFIs, and provide immediate access to all licensed SBA 7(a) lenders that are CDFIs or subsidiaries of CDFIs to the Facility. These entities have a proven track record of SBA lending and of working with disadvantaged borrowers. Providing them with access to the PPP Facility will help ensure that our nation's most vulnerable businesses will get access to needed capital.

Thank you for your consideration of this important matter.

Sincerely,

Christopher A. Coons
United States Senator

Sherrod Brown
United States Senator

Michael F. Bennet
United States Senator

Cory Booker
United States Senator

Catherine Cortez Masto
United States Senator

Edward J. Markey
United States Senator

Mazie Hirono
United States Senator

Jacky Rosen
United States Senator