



State of New Hampshire Banking Department

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Guidance on Paycheck Protection Program and the Legal Lending Limit

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On March 27, 2020, the President signed the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). Section 1102 of the CARES Act establishes the Paycheck Protection Program as a Small Business Administration 7(a) Loan Program. The Paycheck Protection Program provides loans to entities to enable them to cover payroll costs and other costs associated with payroll during the COVID-19 state of emergency. For further details about the Paycheck Protection Program, please visit the Small Business Administration website: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>.

The New Hampshire Banking Department has received requests for guidance from state-chartered banks as to whether loans made under the Paycheck Protection Program are exempt from the legal lending limit in RSA 383-B:3-303(a)(7)(A). For the reasons outlined below, loans made under the Paycheck Protection Program are exempt from the legal lending limit in RSA 383-B:3-303(a)(7)(A).

State chartered banks must comply with the lending limits established for national banks under federal law. RSA 383-B:3-303(a)(7)(A). Under Section 1102(a)(2) of the CARES Act, the Small Business Administration will guarantee 100 percent of the 7(a) loans under the Paycheck Protection Program. The Small Business Administration is a cabinet-level federal agency. Loans guaranteed by government agencies are exempt from lending limits established for national banks. 12 CFR 32.3(c)(4). Therefore, loans through the Paycheck Protection Program, guaranteed by the Small Business Administration, are exempt from the lending limits for state chartered banks under RSA 383-B:3-303(a)(7)(A).

The Banking Department is here to answer any questions state-chartered banks may have about the CARES Act or any other issues related to the COVID-19 state of emergency. Please do not hesitate to contact us with any questions or concerns: 603-271-3561 or nhbd@banking.nh.gov.