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## **Update For CoBank's Rural Electric Customers On SBA Paycheck Protection Program**

Dear Valued Customer,

On April 8, 2020, CoBank was officially designated as a participating lender under the Small Business Administration's Paycheck Protection Program (PPP), a key part of the federal government's economic relief response to the COVID-19 pandemic. We are writing to update you on the approach we are taking regarding loan applications from rural electric cooperative customers to participate in this program.

The current language in the law and agency guidance for this program is unclear regarding the eligibility of rural electric cooperatives organized as 501(c)12 non-profit organizations. However, subsidiaries of RECs that are taxable or for-profit entities can qualify.

Our understanding is that the National Rural Electric Cooperative Association (NRECA) is urging the SBA to clarify the eligibility of electric co-ops. We strongly support NRECA in these efforts. Until such clarification is provided by the government, CoBank will not be taking or processing applications from 501(c)12 co-ops. However, we will receive and process applications from eligible subsidiaries and taxable entities.

We appreciate your patience as we continue to work through the complexities of this program and await clarification from the SBA. If you have questions, please reach out to your CoBank relationship manager.

Sincerely,

Bill LaDuca  
Senior Vice President  
Electric Distribution Banking Division

Todd Telesz  
Senior Vice President  
Power, Energy & Utilities Banking Division