

TEMPORARY OPERATIONAL INSTRUCTION ISSUED BY THE CHAIRMAN OF THE
STATE BOARD OF FINANCIAL INSTITUTIONS ON APRIL 27, 2020

Whereas, on April 14, 2020, the Small Business Administration issued an interim final rule stating, among other things, that SBA lending restrictions shall not apply to prohibit an otherwise eligible business owned (in whole or part) by an outside director or holder of less than 30 percent equity interest in a Paycheck Protection Program (PPP) lender from obtaining a PPP loan from the PPP lender on whose board the director serves or in which the equity owner holds an interest, provided that the eligible business owned by the director or equity holder follows the same process as similarly situated customers or account holders of the lender;

Whereas, the Federal Reserve Board issued an interim final rule that exempts from the requirements of the Federal Reserve Board's Regulation O certain loans that are guaranteed under the SBA's Paycheck Protection Program and are made between February 15 and June 30, 2020;

Whereas, Section 34-13-80 of the South Carolina Code of Laws makes the Regulation O exception applicable to certain South Carolina-chartered financial institutions;

Whereas, Regulation 15-17 of the State Board of Financial Institutions further restricts the amount of loans that may be granted to directors of such institutions even when guaranteed by an agency of the United States Government, and without an operational instruction granting parity, the outside directors of South Carolina-chartered financial institutions may be prevented from participating in the PPP;

Now therefore, Chairman Curtis M. Loftis, Jr. issues this operational instruction to provide similar temporary relief and parity to South Carolina-chartered banks:

Paycheck Protection Program Loans to Outside Directors and Their Related Interest

Paycheck Protection Program Loans made in accordance with the SBA's rules and in compliance with the Federal Reserve Board's Regulation O will not be subject to the restriction on loans to directors and their related interest stated in Regulation 15-17. This operational instruction applies to such loans made between February 15 and June 30, 2020. All other limitations and requirements of Regulation 15-17 remain valid.



Curtis M. Loftis, Jr.
Chairman
State Board of Financial Institutions