



Congress of the United States
House of Representatives
Washington, DC 20515

May 28, 2020

The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, DC 20220

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 Third Street, S.W.
Washington, DC 20416

Dear Secretary Mnuchin and Administrator Carranza:

We appreciate your tireless efforts to help American businesses and workers weather the economic crisis brought on by the COVID-19 pandemic. This voluntary shutdown of the economy to address a far-reaching public health crisis resulted in tremendous hardship for businesses of all sizes and their employees.

Congress acted swiftly and decisively to bring immediate aid to struggling borrowers through the Coronavirus Aid, Relief and Economic Security (CARES) Act and the Paycheck Protection Program and Healthcare Enhancement Act. We are grateful for your work with us in crafting the legislation and your efforts to create a program equipped to handle the scope of this crisis.

The Paycheck Protection Program (PPP) was designed to allow small businesses to quickly access capital to retain employees and build a bridge to the other side of this shutdown. To date, lenders disbursed over \$531 billion in PPP loans to over 4.3 million small business across the country. Approximately 93% of the PPP loans were for \$350,000 or less.

The loans are intended to be forgiven if small businesses follow the rules provided by Congress, and the guidance published by U.S. Department of Treasury and the U.S. Small Business Administration (SBA). Unfortunately, the recently-published forgiveness application places an undue burden on America's smallest businesses and the lenders that are assisting them through this process.

On May 15th, Treasury and the SBA released the application for PPP loan forgiveness. The length, documentation requirements and complexity of the forgiveness application would be incredibly daunting and time consuming for many constituent small businesses and the small community lenders whom the government deputized to administer assistance. Many constituent small business owners indicated they will need to hire outside legal and accounting help, at great additional expense, to confidently complete the application. This makes little sense for mom and pop businesses with few employees, a small payroll and cash flow challenges stemming from an involuntary, government-imposed interruption of their operations. Likewise, most community financial institutions that originated small PPP loans have neither the staff nor the forensic auditing expertise to assist their borrowers with the extensive forgiveness application provided by the SBA.

Treasury and the SBA should tailor the forgiveness application to the size and complexity of the loan. Small business owners are already grappling with the challenges they face from the COVID-19 pandemic.

The smallest businesses should not be saddled with the same forgiveness reporting burden as larger businesses with larger loans.

Specifically, we recommend that Treasury and SBA create a streamlined forgiveness application for loans under \$350,000. This is the threshold at which the CARES Act makes the lowest cutoff in determining lender processing fees and captures the vast majority of loans provided to small businesses. Much like the IRS relies on Form 1040 EZ for taxpayers with relatively straightforward tax filings, Treasury and the SBA should create a streamlined forgiveness application for small business loans below the dollar threshold. The application could consist of basic reporting by small businesses on how much they received and a good faith certification that they spent the funds in compliance with the requirements for forgiveness.

Treasury has already pledged to fully audit loans in excess of \$2 million. This request would not preclude Treasury and SBA from conducting oversight of the funds, or otherwise auditing any loan. But a streamlined forgiveness application would ease the burden on both borrowers and lenders of smaller PPP loans, consistent with congressional intent, while at the same time allowing Treasury and the SBA to focus its scarce and valuable resources on the program's higher risk and larger dollar-value loans.

We believe that Treasury and SBA can create such a process that would comply with the parameters created under the CARES Act. We urge Treasury and the SBA to quickly publish a streamlined, simplified forgiveness application for borrowers whose PPP loans were \$350,000 or less.

Sincerely,



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Member of Congress




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Member of Congress



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Member of Congress



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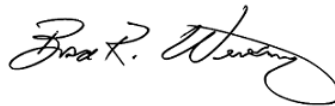
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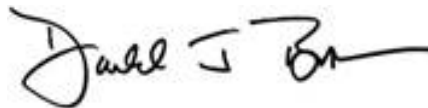
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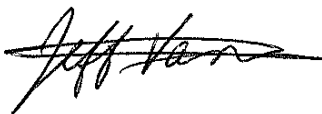
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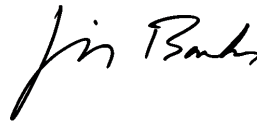
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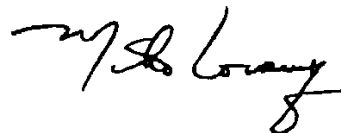
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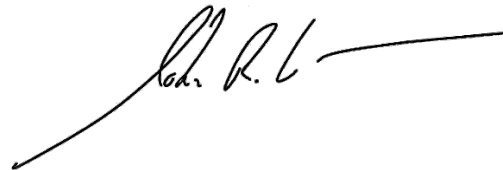
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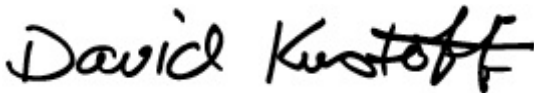
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