

United States Senate
WASHINGTON, DC 20510-1309

April 8, 2020

VIA ELECTRONIC DELIVERY

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd St, SW
Washington, DC 20416

The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Ave. NW
Washington, DC 20220

Dear Administrator Carranza and Secretary Mnuchin:

We are deeply concerned by reports of financial institutions turning away or being unable to lend to small businesses, private non-profits and other entities seeking capital through the Paycheck Protection Program created by the Coronavirus Aid, Relief and Economic Security Act (CARES Act).

Like you, we had hoped that this program would be an immediate success for small businesses and their employees to help alleviate the financial burdens of COVID-19. Unfortunately, we have learned that some financial institutions have yet to start offering the loans due to a lack of guidance from the Small Business Administration (SBA) and the U.S. Department of the Treasury (Treasury), are limiting the timeframe for small businesses to apply for loans, or are only offering loans to current customers who have or had an existing small business loan, checking account or credit card with their financial institution. These combined issues create a system of winners and losers for borrowers and lenders alike.

This is not the first time a lack of guidance has caused problems for borrowers and lenders in a time of crisis. In 2010, the Government Accountability Office (GAO) issued a report detailing SBA's inability to promulgate the emergency regulations implementing the America's Recovery Capital (ARC) Loan Program, as authorized by the American Recovery and Reinvestment Act of 2009.¹ This created significant confusion among lenders and borrowers seeking financing from the ARC Loan program. Although SBA issued revised guidance that addressed the GAO's recommendations, it is clear that SBA, working hand-in-hand with Treasury, must revisit GAO concerns and recommendations made in previous reports on economic stimulus loans as they implement the Paycheck Protection Program, and other programs authorized by the CARES Act.

¹ <https://www.gao.gov/new.items/d10298r.pdf>

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Congress passed the CARES Act in part to make sure small businesses in every community harmed by COVID-19 can access financial assistance during these unprecedented times. To that end, we request that SBA and Treasury quickly issue guidance that:

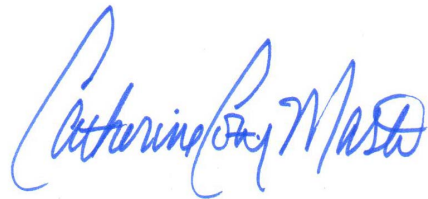
- 1) Offers access to eligibility experts at SBA and Treasury who can help borrowers and lenders determine if a borrower is eligible to apply for a Paycheck Protection Loan and how to calculate and document the loan amounts and expected forgiveness, and;
- 2) Finalizes all regulations to lenders, from processing to closing, so they can get funds to borrowers immediately. We have seen reports that banks are being directed by Treasury and SBA to not close loans until they have received guidance.

Thank you in advance for your prompt response to our urgent request.

Sincerely,



Tammy Duckworth
United States Senator



Catherine Cortez Masto
United States Senator



Edward J. Markey
United States Senator



Richard J. Durbin
United States Senator



Dianne Feinstein
United States Senator



Elizabeth Warren
United States Senator



Jacky Rosen
United States Senator

/s/

Mazie K. Hirono
United States Senator