

United States Senate
WASHINGTON, DC 20510

June 4, 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 greatly appreciative of the continued willingness of the U.S. Small Business Administration (SBA) and U.S. Department of Treasury (Treasury) to engage with Congress on making much needed changes to the administration of the Paycheck Protection Program (PPP). However, we are concerned that the recently released guidance on loan forgiveness is too burdensome for the smallest businesses, and will be incredibly time-consuming and costly for microbusinesses, small businesses owned by people of color and sole proprietorships who would have to hire accountants and other consultants just to apply for forgiveness. Further, we worry that this complexity is likely to discourage the smallest businesses still in need of funding from applying for much needed aid.

As of May 30, 2020, over 4.4 million small business owners have been approved for a PPP forgivable loan, with nearly eighty percent of these loans totaling \$100,000 or less. These loans make up just twenty percent of the overall loan amount of the PPP. That means over 4.4 million business owners, including many microbusiness owners, will be seeking loan forgiveness through their lender, some this week. Most business owners applied for PPP loans with the understanding that if they retained employees while meeting the other guidelines of the program, their loans would be forgiven.

Unfortunately, SBA and Treasury's formal guidance requires that small business owners go beyond much of the documentation that they would regularly track. This process is especially burdensome for the smallest businesses, and threatens to undermine recent positive administrative actions to help ensure that funding finally reaches these underserved small businesses. These business owners do not have teams of lawyers and accountants often retained by larger businesses, and microbusinesses should not be held to the same forgiveness standards as those receiving larger loans that are able to comply with complex forgiveness guidelines.

Congress created PPP to make sure small business owners harmed by COVID-19 could access forgivable loans, to help them survive this global pandemic. To that end, we respectfully request

that SBA and Treasury update the loan forgiveness guidance by close of business on Monday, June 8, 2020 to address the following concerns:

1. Streamline and simplify the PPP forgiveness application into an easy to use form for small businesses with loans of \$100,000 or less, so the smallest businesses and their lenders can fully participate in the program. We encourage you to provide any flexibility possible for these borrowers in the documentation required to be submitted. Borrowers of these small loans should not be required to submit documentation other than the application form.
2. Create a reasonable safe harbor for borrowers that received loans of \$100,000 or less. Lenders may rely on any such certifications made by the borrower in the streamlined forgiveness application.
3. In any forgiveness form and loan application, commit to collecting and reporting borrower demographic information as SBA currently does for regular 7(a) loans and that the SBA's Office of Inspector General suggested as needed action in its PPP oversight implementation report released in May 2020.¹ While we commend SBA for including demographic data collection on the current forgiveness application, it is necessary that the information be collected alongside other requested borrower information, not as an addendum at the end of the forgiveness application.

Thank you for your continued commitment to help America's small businesses during these difficult times. We look forward to your prompt response.

Sincerely,



Tammy Duckworth
United States Senator



Edward J. Markey
United States Senator



Richard J. Durbin
United States Senator



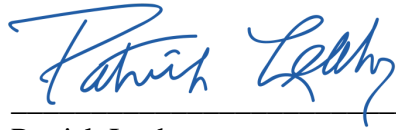
Sheldon Whitehouse
United States Senator

¹ "Small Business Administration's Implementation of the Paycheck Protection Plan Requirements," SBA Office of Inspector General (OIG); https://www.sba.gov/sites/default/files/2020-05/SBA_OIG_Report_20-14_508.pdf

Letter to Administrator Carranza and Secretary Mnuchin

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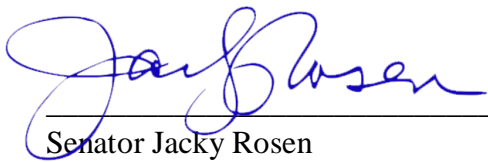
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Patrick Leahy
United States Senator



Mazie K. Hirono
United States Senator



Senator Jacky Rosen
United States Senator



Senator Kirsten Gillibrand
United States Senator