

July 17, 2020

The Honorable Steven Mnuchin
Secretary
U.S. Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd Street, S.W.
Washington, D.C. 20416

Dear Secretary Mnuchin and Administrator Carranza:

The undersigned banking trade associations representing banks of all sizes in every state write to urge you to implement a simplified loan forgiveness process for small businesses with loans in the Paycheck Protection Program (PPP). A straightforward process will ensure a more efficient running of the program for the over four million small businesses that have participated to date and could enhance the program's already substantial economic impact.

As you know, on June 5, 2020, President Trump signed into law *H.R. 7010, the Paycheck Protection Program Flexibility Act of 2020*, which made several critical changes to the PPP. Many of these changes affect how small businesses can use their funds, and required a re-working of the Loan Forgiveness Application, along with the introduction of an EZ Loan Forgiveness Application. Still, as each day goes by, more and more borrowers are confronted with the need to use these lengthy forms, which takes a significant amount of time away from small business owners in running their daily business operations, when the real need is for an expedited process based on a de minimis exemption for loans under a specific dollar amount.

Borrowers and lenders have done well in working through the program, with its rolling guidance and evolving requirements. One of the major issues that remains outstanding is the forgiveness process, due to forgiveness application's complexity and length. At present, there have been suggestions of de minimis amounts ranging from \$150,000 to \$350,000, with a notable level of \$150,000 in the bipartisan *S.4117, the Paycheck Protection Small Business Forgiveness Act*. These suggestions have come from small businesses, community organizations, members of Congress, national banking and business trades, and lenders. We urge you to implement an amount within that range, as it would be of great benefit to millions of small business borrowers.

The Treasury and the SBA have within their authority the ability to create a streamlined simple one-page attestation process for loan forgiveness. As you work to set up the forgiveness application intake system, I would encourage quick action to establish such a process.

A simplified, de minimis exemption will prevent small businesses from the burden of compiling documentation and filling out an overly complex form at a time when they are seeking to reopen and support economic recovery.

You both have stated on multiple occasions that the goal of the Paycheck Protection Program is to have these loans forgiven. On behalf of our member banks and their millions of small business customers, we urge you to meet that goal and improve the loan forgiveness process for participating small businesses.

Sincerely,

American Bankers Association
Bank Policy Institute
Consumer Bankers Association