

November 19, 2020

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
428A Russell Senate Office Building
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H-232 U.S. Capitol
Washington, D.C. 20510

The Honorable Charles Schumer
Democratic Leader
U.S. Senate
428A Russell Senate Office Building
Washington, D.C. 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
H-204 U.S. Capitol
Washington, D.C. 20515

Dear Majority Leader McConnell, Speaker Pelosi, Democratic Leader Schumer and Minority Leader McCarthy:

We, the undersigned associations representing thousands of banks, credit unions, financial institutions, nonprofits and businesses of all sizes that serve America's consumers, write to urge you to immediately address the overburdensome Paycheck Protection Program (PPP) forgiveness process before the end of the year. Congress can solve this problem and inject the equivalent of \$7 billion into our economy by passing bipartisan, common-sense legislation to streamline PPP forgiveness for small businesses on Main Street in communities across the country.

We encourage Congress to quickly consider legislation that will help countless businesses navigate the overly complex forgiveness process. S. 4117, The Paycheck Protection Program Small Business Forgiveness Act, sponsored by Senators Kevin Cramer, Bob Menendez, Thom Tillis and Kyrsten Sinema and H.R. 7777, The Paycheck Protection Small Business Forgiveness Act, sponsored by Reps. Chrissy Houlahan and Fred Upton are bipartisan and bicameral legislation introduced earlier this Congress and would reduce compliance costs by streamlining the forgiveness process for mom-and-pop businesses who received PPP loans during these unprecedented times. Additionally, passing such legislation that would expand the hold harmless protections for lenders will provide financial institutions that originated and currently service PPP loans the opportunity to focus their time and energy on providing much-needed credit and financial services to individuals and businesses by creating regulatory certainty for PPP loans in the future.

The PPP forgiveness process has already begun for banks and will continue for them and for millions of American businesses in the coming months. Businesses have been patiently awaiting for Congress to act, hoping that an improved and streamlined forgiveness process will ensure they can focus their time, energy, and resources back into their business and communities instead of allocating significant time and expense into completing complex forgiveness forms.

America's small businesses, and the millions of men and women who work at them, are the foundations of communities across the country and the economy and in order to assist them, we urge Congress to quickly pass legislation that would forgive PPP loans of less than \$150,000 upon the borrower's completion of a simple, one-page forgiveness document. PPP loans of \$150,000 and under account for 87 percent of total PPP recipients, but less than 28 percent of PPP loan dollars. Expediting the loan forgiveness process for many of these hard-hit businesses would save more than \$7 billion and hours of paperwork.

Data provided in an independent analysis by AQN Strategies (AQN) has shown an estimated benefit of issuing auto-forgiveness for various loan size thresholds.¹ AQN anticipates the combined resource requirements of operators' time and/or third-party expenses to represent an effective cost of \$2,000-\$4,000 for each business that applies for forgiveness, requiring 20-100 hours of focused time from key leaders of these businesses. With an average loan size of less than \$19,000 for the smallest 60% of loans, this estimate would represent 10-20% of the loan amount itself, which is otherwise intended to support payroll, rent, and other obligations necessary to keep businesses alive and ready to restart. In addition, AQN's analysis suggests that the cost to businesses and lenders would be lower than the cost for the government to auto-forgive loans.

On behalf of our members and the millions of small businesses we serve, we urge you to improve the PPP forgiveness process and support streamlined forgiveness efforts. Financial institutions across the country stand ready to service a second round of PPP loans for our small business and nonprofit customers, but Congress must act now in order to ensure a second round of funds reach those most severely impacted expeditiously. Time is of the essence and we look forward to working with you to pass these critical bills. Thank you for your strong, common-sense leadership on such a critical issue.

Sincerely,

Aeronautical Repair Station Association
AICC, The Independent Packaging Association
Air Conditioning Contractors of America (ACCA)
American Bankers Association
American Case Management Association
American Dental Association
American Farm Bureau Federation
American Financial Services Association
American Foundry Society
American Hotel & Lodging Association

¹Ben Sabloff, Jason Ford, Gaby Garcia, "Is It Easier to Ask for Forgiveness Than Permission? Not for PPP Loans Under \$150K" *AQN Strategies*, June 1, 2020, <https://www.aqnstrategies.com/aqncentral/forgive-small-ppp>

American Jail Association
American Land Title Association
American Road & Transportation Builders Association (ARTBA)
American Staffing Association
America's SBDC
Asian American Hotel Owners Association
Associated General Contractors of America
Associated Industries of Massachusetts
Associated Wire Rope Fabricators
Association for Comprehensive Energy Psychology
Association for Enterprise Opportunity
Association of Credit and Collection Professionals
Association of Marina Industries
Association of Women's Business Centers
Association of Woodworking & Furnishing Suppliers
Bank Policy Institute
Brick Industry Association
CAMEO- California Association for Micro Enterprise Opportunity
Commercial Food Equipment Service Association – CFESA
Consumer Bankers Association
Credit Union National Association
Decorative Hardwoods Association
DHI – Door Security + Safety Professionals
Electronic Transactions Association
Electronics Representatives Association
Financial Services Forum
Foodservice Consultants Society International - The Americas Division
Golf Course Superintendents Association of America
GovEvolve
Habitat for Humanity International
Home Furnishings Association
HUBZone Contractors National Council
Independent Beauty Association
Independent Community Bankers of America
Independent Electrical Contractors
Independent Insurance Agents & Brokers of America
Innovative Lending Platform Association
International Franchise Association
International Sign Association
Leading Builders of America
Manufacturer & Business Association

Marine Retailers Association of the Americas
Mid-Size Bank Coalition of America
Modular Building Institute
Modular Home Builders Association
National Association for Surface Finishing
National Association for the Self-Employed
National Association of Chain Drug Stores
National Association of Federally-Insured Credit Unions
National Association of Home Builders
National Association of Professional Employer Organizations
National Association of Professional Insurance Agents
National Association of Realtors
National Association of Surety Bond Producers
National Association of Tax Professionals
National Association of the Remodeling Industry
National Career Development Association
National Community Pharmacists Association
National Cotton Council
National Electrical Contractors Association
National Electrical Manufacturers Representatives Association (NEMRA)
National Limousine Association
National Marine Manufacturers Association
National Restaurant Association
National Retail Federation
National RV Dealers Association (RVDA)
National Stone, Sand & Gravel Association
National Wooden Pallet & Container Association
New York State Land Title Association
North American Association of Food Equipment Manufacturers (NAFEM)
Page 30 Coalition
Painting Contractors Association
Pet Industry Distributors Association.
Professional Beauty Association (PBA)
Secondary Materials and Recycled Textiles Association
Small Business Roundtable
Society of American Florists
Society of Collision Repair Specialists (SCRS)
South Carolina Restaurant & Lodging Association
Specialty Equipment Market Association (SEMA)
Specialty Tools & Fasteners Distributors Association
Specialty Tools & Fasteners Distributors Association

The Brick Industry Association
The Energy Marketers of America (EMA)
The Global Cold Chain Alliance
The Mineral, Metals, and Materials Society
The National Association of Trailer Manufacturers
The National Bankers Association
The National Council of Investigation & Security Services
The Promotional Products Association International (PPAI)
The Small Business Council of America
The Small Business Legislative Council
The Texas Bankers Association
Tire Industry Association
U.S. Black Chambers
U.S. Chamber of Commerce
United States Hispanic Chamber of Commerce
United Veterinary Services Association
Vacation Rental Management Association
Washington Retail Association
Women Impacting Public Policy (WIPP)
World Floor Covering Association
Young Audiences Arts for Learning