U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, DC 20416

OFFICE OF GENERAL COUNSEL

March 2, 2021

Austin R. Evers
Executive Director
American Oversight
1030 15th Street, NW, Suite B255
Washington, DC 20005
FOIA@americanoversight.org

Dear Mr. Evers,

This letter is in response to your Freedom of Information Act ("FOIA") request No. SBA-2020-001024 in which you requested the following:

> All directives, orders, or guidance on whether or how to consider the relative size or market share of applicants for loans to alleviate the economic impact of the novel coronavirus, including but not limited to loans under the Paycheck Protection Program and the Economic Injury Disaster Loan Program. American Oversight believes a search for responsive records should include, at a minimum, all individuals within the front office of the Administrator and the office of the General Counsel.
>
> Please provide all responsive records from March 25, 2020, through the date of the search.

SBA is releasing the attached documents that are responsive to your request. Redactions have been made pursuant to FOIA Exemptions 5 and 6. Exemption 5 protects deliberative and pre-decisional materials written as part of the decision-making process in federal agencies. These redactions are clearly identified within the provided documents. Exemption 6 protects information about individuals in "personnel and medical files and similar files" when the disclosure of such information "would constitute a clearly unwarranted invasion of personal privacy." The Exemption 6 redacted information consists of personal cell phone numbers, which clearly falls under the protection of FOIA exemption 6.

If you are dissatisfied with the Agency's decision, you may file an administration appeal within 90 days of the date of this letter to:

Office of Hearings and Appeals
Attention: Oreoluwa Fashola, FOIA Office
409 3rd Avenue, SW – 8th Floor
Washington, D.C. 20416

If you are unable to resolve your FOIA dispute through our FOIA Public Liaison in the Office of Hearings and Appeals, the Office of Government Information Services ("OGIS"), the Federal FOIA Ombudsman's Office, offers mediation services to help resolve disputes between FOIA requesters and Federal agencies. The contact information for OGIS is:

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Office of Government Information Services
National Archives and Records Administration
8601 Adelphi Road-OGIS
College Park, MD 20740-6001
ogis@nara.gov
ogis.archives.gov
202-741-5770
877-684-6448

Sincerely,

/s/ Eric S. Benderson

Eric S. Benderson
Chief FOIA Officer
Office of General Counsel
U.S. Small Business Administration

AMERICAN OVERSIGHT

From:	Hershey, Michael S
To:	Kong, Stephen D.; Perriello, Tami L.
Subject:	FW: House Oversight Letter
Date:	Monday, June 15, 2020 4:03:00 PM
Attachments:	2020-06-15.Select Committee to Mnuchin Carranza- SBA re PPP.pdf

FYI. Meant to have included you. (b) (5) [redacted]

From: Hershey, Michael S
Sent: Monday, June 15, 2020 4:02 PM
To: Jovita <Jovita@sba.gov>; Manger, William M. <William.Manger@sba.gov>; Biles, Brittany W <Brittany.Biles@sba.gov>; Billimoria, Jimmy F. (Jim) <jim.billimoria@sba.gov>
Cc: Briggs, William J. <William.Briggs@sba.gov>
Subject: House Oversight Letter

Another oversight letter on PPP data, from the Select Subcommittee on COVID.

AMERICAN OVERSIGHT

From:	Manger, William M.
To:	Hershey, Michael S
Subject:	FW: Letter for The Honorable Jovita Carranza, Administrator, Small Business Administration
Date:	Thursday, June 18, 2020 12:35:00 PM
Attachments:	2020-06-15.Select Committee to Mnuchin Carranza- SBA re PPP.pdf

Mike,

(b) (5) [redacted]

Bill

From: Kiles, Alex <Alex.Kiles@mail.house.gov>
Sent: Thursday, June 18, 2020 12:04 PM
To: Manger, William M. <William.Manger@sba.gov>
Cc: Uriarte, Carlos <Carlos.Uriarte@mail.house.gov>; Hershey, Michael S <Michael.Hershey@sba.gov>
Subject: RE: Letter for The Honorable Jovita Carranza, Administrator, Small Business Administration

CAUTION - The sender of this message is external to the SBA network. Please use care when clicking on links and responding with sensitive information. Send suspicious email to spam@sba.gov.

William,

I hope this email finds your well. We appreciate that SBA acknowledged receipt of the Select Subcommittee's recent letter to Administrator Carranza (attached). We would like to connect with you to discuss SBA's response as soon as possible. Would you be available for a call this afternoon?

Regards,

Alex

—

K. Alex Kiles
Counsel, Democratic Staff | (he/him)
House Select Subcommittee on the Coronavirus Crisis
(c): (b) (6) [redacted]

From: Kiles, Alex
Sent: Wednesday, June 17, 2020 9:18 AM
To: Hershey, Michael S <Michael.Hershey@sba.gov>
Cc: Uriarte, Carlos <Carlos.Uriarte@mail.house.gov>
Subject: RE: Letter for The Honorable Jovita Carranza, Administrator, Small Business Administration

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Michael,

Following up on my email below, do you have time today for a call to discuss SBA's response to the Chairman's letter? If so, please let me know if 2 pm or 3 pm EST works on your end.

Thank you,

Alex

From: Kiles, Alex
Sent: Monday, June 15, 2020 7:00 PM
To: Hershey, Michael S <Michael.Hershey@sba.gov>
Cc: Uriarte, Carlos <Carlos.Uriarte@mail.house.gov>
Subject: RE: Letter for The Honorable Jovita Carranza, Administrator, Small Business Administration

Michael,

Thank you for acknowledging receipt of the letter. It would be great to find some time to connect tomorrow morning to discuss SBA's response. We were particularly heartened to see Administrator Carranza's tweet earlier today, and look forward to participating in any conversations about efforts to assist eligible borrowers in underserved and disadvantaged communities.

Our schedules are pretty flexible tomorrow morning, so please let us know what works for you.

Best,
Alex

—
K. Alex Kiles
Counsel, Democratic Staff | (he/him)
House Select Subcommittee on the Coronavirus Crisis
(c): [redacted]

From: Hershey, Michael S <Michael.Hershey@sba.gov>
Sent: Monday, June 15, 2020 4:08 PM
To: Goss, Trinity <Trinity.Goss@mail.house.gov>
Subject: RE: Letter for The Honorable Jovita Carranza, Administrator, Small Business Administration

Hi, Trinity. Just confirming receipt for SBA.

From: Goss, Trinity <Trinity.Goss@mail.house.gov>

AMERICAN OVERSIGHT

Sent: Monday, June 15, 2020 10:56 AM
To: Hershey, Michael S <Michael.Hershey@sba.gov>
Cc: Anello, Russell <Russell.Anello@mail.house.gov>; Uriarte, Carlos <Carlos.Uriarte@mail.house.gov>; Kiles, Alex <Alex.Kiles@mail.house.gov>; LaNier, Elisa <Elisa.LaNier@mail.house.gov>; Jones, Taylor <Taylor.Jones@mail.house.gov>; MacPherson, Cameron <Cameron.MacPherson@mail.house.gov>; Bush, Anthony <Anthony.Bush@mail.house.gov>
Subject: Letter for The Honorable Jovita Carranza, Administrator, Small Business Administration

Hello—

Please see the letter from The Select Committee on the Coronavirus Crisis to The Honorable Jovita Carranza, Administrator, Small Business Administration.

Please acknowledge receipt of letter.

Thank you,

Trinity Goss

Trinity M. E. Goss | Executive Team Coordinator
Chairwoman Carolyn B. Maloney, Committee on Oversight and Reform
Trinity.Goss@mail.house.gov | (202) 225-5051

AMERICAN OVERSIGHT

From:	Hershey, Michael S
To:	Talley, Kevin P.
Subject:	FW: Letter for The Honorable Jovita Carranza, Administrator, Small Business Administration
Date:	Thursday, June 25, 2020 2:39:00 PM
Attachments:	2020-06-15.Select Committee to Mnuchin Carranza- SBA re PPP.pdf

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From: Goss, Trinity <Trinity.Goss@mail.house.gov>
Sent: Monday, June 15, 2020 10:56 AM
To: Hershey, Michael S <Michael.Hershey@sba.gov>
Cc: Anello, Russell <Russell.Anello@mail.house.gov>; Uriarte, Carlos <Carlos.Uriarte@mail.house.gov>; Kiles, Alex <Alex.Kiles@mail.house.gov>; LaNier, Elisa <Elisa.LaNier@mail.house.gov>; Jones, Taylor <Taylor.Jones@mail.house.gov>; MacPherson, Cameron <Cameron.MacPherson@mail.house.gov>; Bush, Anthony <Anthony.Bush@mail.house.gov>
Subject: Letter for The Honorable Jovita Carranza, Administrator, Small Business Administration

Hello—

Please see the letter from The Select Committee on the Coronavirus Crisis to The Honorable Jovita Carranza, Administrator, Small Business Administration.

Please acknowledge receipt of letter.

Thank you,

Trinity Goss

Trinity M. E. Goss | Executive Team Coordinator
Chairwoman Carolyn B. Maloney, Committee on Oversight and Reform
Trinity.Goss@mail.house.gov | (202) 225-5051

AMERICAN OVERSIGHT

From:	Hershey, Michael S
To:	Jovita; Manger, William M.; Biles, Brittany W; Billimoria, Jimmy F. (Jim)
Cc:	Briggs, William J.
Subject:	House Oversight Letter
Date:	Monday, June 15, 2020 4:02:13 PM
Attachments:	2020-06-15.Select Committee to Mnuchin Carranza- SBA re PPP.pdf

Another oversight letter on PPP data, from the Select Subcommittee on COVID.

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From:	Conrey, Martin S.
To:	Hershey, Michael S; King, Stephanie M.; Ford, John D.; Vogler, Richard M.; Lambert, Ryan A.; Pokela, Tyler S; Sutherland, Terrence P.; Perriello, Tami L.; Atwood, Melissa Jo; Chen, Deborah J.; Senseney, Charles E; Bossie, Jason; Reboja, Nathaniel
Subject:	House Select Subcmte. on Coronavirus Press Release: Select Subcommittee Launches Investigation Into Disbursement Of PPP Funds & Other Congressional PPP Press Releases/Letters
Date:	Tuesday, June 16, 2020 9:05:20 AM
Attachments:	2020-06-15.Select Committee to Mnuchin Carranza- SBA re PPP.pdf 2020-06-15.Select Committee to Dimon-JPM Chase re PPP.pdf June 12 2020 - US Senate Letter on PPP Forgiveness.pdf Senate Letter to SBA-Treasury re PPP Forgiveness Process 06.12.20.pdf

Below are: (1) House Select Subcommittee on the Coronavirus Crisis Press Release: Select Subcommittee Launches Investigation Into Disbursement Of PPP Funds (6/15/20); (2) Sen. Rounds Press Release: Rounds Leads Bipartisan Letter Urging the Administration to Provide Paperwork Relief for Small Businesses who Utilized the COVID-19 Relief Program (6/12/20); (3) SSBEC Minority Press Release: Cardin, Portman, Booker & Lankford Issue Statement on Administration's Updated Rules on PPP Eligibility for Justice-Involved Entrepreneurs (6/15/20); and (4) Sen. Schumer Press Release: In New Letter To Treasury Sec. Mnuchin And SBA Admin. Carranza, All 47 Senate Democrats Urge The Administration To Streamline And Simplify The PPP Loan Forgiveness Process To Ensure The Smallest And Most Underserved Businesses Are Able To Easily Apply (6/12/20).

These are mentioned in today's SBA Bulletin-Intelligence:

- House Demands Coronavirus Loan Info From Treasury, SBA, Banks.
- Senators Call On SBA, Treasury To Streamline PPP Forgiveness Process.
- Carranza, Mnuchin Announce PPP Loans Available To Small Business Owners With Criminal Backgrounds.
- Lawmakers Pushing SBA Over Transparency.
- Dem Senators Push SBA To Streamline Loan Forgiveness Application.
- Lawmakers Continue To Monitor SBA's PPP Loan Program.
- SBA Changes Guidance For Small Business Owners With Criminal Records.

House Select Subcommittee on the Coronavirus Crisis

Select Subcommittee Launches Investigation Into Disbursement Of PPP Funds

https://coronavirus.house.gov/news/press-releases/select-subcommittee-launches-investigation-disbursement-ppp-funds

Jun 15, 2020

Press Release

Subcommittee Demands Immediate Actions to Improve Equity and Transparency

Washington, D.C. (June 15, 2020) —Today, Chairman James E. Clyburn and all Democratic Members of the Select Subcommittee on the Coronavirus Crisis sent letters to the Treasury Department, the Small Business Administration, and eight national banks seeking documents and information on the disbursement of funds under the Paycheck Protection Program (PPP). The letters also urged immediate steps to ensure that remaining PPP funds are allocated to businesses truly in need and to increase transparency so taxpayers can see whether federal funds are being diverted due to waste, fraud, and abuse.

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The letters follow multiple reports that large banks created two-tier systems for processing PPP loan applications that benefit wealthy existing clients at the expense of truly struggling small businesses in underserved communities, and that the Trump Administration's guidance on PPP "did not fully align with" the law passed by Congress.

"**The CARES Act specifically encouraged SBA to issue guidance 'to ensure that the processing and disbursement of covered loans prioritizes small business concerns and entities in underserved and rural markets,' including businesses owned by veterans, members of the military, socially and economically disadvantaged individuals, and women," the Select Subcommittee Members wrote. "Unfortunately, SBA and Treasury failed to issue clear guidance, potentially undermining this core principle of the program. … Despite Congress' clear intent, this guidance made no mention of prioritizing loans to underserved communities."**

The Select Subcommittee's letter urges the Trump Administration to immediately issue guidance to lenders directing them to prioritize entities in underserved markets, including businesses owned by veterans, members of the military, socially and economically disadvantaged individuals, and women.

The letter also urges the Administration to provide more transparency about the administration of PPP.

"Among other steps, the Administration should release the names of all PPP borrowers—as the SBA routinely does for similar loan programs. Contrary to Secretary Mnuchin's recent testimony, there is nothing 'proprietary' or 'confidential' about a business receiving millions of dollars appropriated by Congress, and taxpayers deserve to know how their money is being spent."

On May 8, 2020, the Select Subcommittee sent letters to companies that had received at least $10 million in PPP loans, despite having more than 600 employees, a market capitalization of more than $25 million, and publicly traded stock. The letters asked the companies to return the funds or provide documents and information explaining why they believed they were eligible to keep the PPP loan. In response, one company, which had recently paid $6.5 million to resolve allegations of defrauding the federal government, returned its $10 million PPP loan. The remaining four companies produced information and documents to the Select Subcommittee. The Subcommittee is not currently planning further steps with respect to these four companies but may revisit the issue if new information arises.

The Select Subcommittee's investigation builds on inquiries led by Congresswoman Maxine Waters (D-CA), Chairwoman of the House Financial Services Committee, and Congresswoman Nydia Velázquez (D-NY), Chairwoman of the House Small Business Committee, into the management of the PPP. Both Chairwomen also serve on the Select Subcommittee and signed today's letters.

Click here to read today's letter to the Treasury Department and Small Business Administration.

Click below to read today's letters to PPP lenders:

JPMorgan Chase

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[Bank of America]

[PNC Bank]

[Truist Bank]

[Wells Fargo Bank]

[U.S. Bank]

[Citibank]

[Santander]

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Senator Rounds Press Release
06.12.20
Rounds Leads Bipartisan Letter Urging the Administration to Provide Paperwork Relief for Small Businesses who Utilized the COVID-19 Relief Program
https://www.rounds.senate.gov/newsroom/press-releases/rounds-leads-bipartisan-letter-urging-the-administration-to-provide-paperwork-relief-for-small-businesses-who-utilized-the-covid-19-relief-program

WASHINGTON – U.S. Sen. Mike Rounds (R-S.D.) today led a bipartisan letter to Treasury Secretary Steve Mnuchin and Small Business Administration (SBA) Administrator Jovita Carranza urging the administration to ease paperwork requirements for small businesses seeking loan forgiveness under the Paycheck Protection Program (PPP). The letter, signed by 44 senators, specifically requests that the loan forgiveness application for loans under $250,000 to be no longer than one page in length.

"As small businesses begin to reopen their doors, the last thing they should be worried about is burdensome, unnecessary paperwork," said Rounds. "These businesses have enough on their plate as they seek to recover from the COVID-19 pandemic. They shouldn't be saddled with excessive red tape – they should be focused on helping re-start the economy."

The letter can be found below:

Dear Secretary Mnuchin and Administrator Carranza:

The Paycheck Protection Program (PPP) has been critical for helping small businesses remain viable and keeping Americans employed during the COVID-19 pandemic. However, we would like to make you aware of a serious problem with the PPP Loan Forgiveness Application. We have received feedback from a number of businesses and lenders that the forgiveness application is difficult to

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understand and to complete. We ask that the Department of the Treasury (Treasury) and the Small Business Administration (SBA) urgently revise the application so that it is no longer than one page for any loan under $250,000.

When Congress created the PPP, its purpose was clear: get immediate funding into the hands of small business owners impacted by the COVID-19 pandemic so their employees could stay on the payroll and maintain benefits and so that businesses could resume normal operations as soon as it was safe to do so. Given the innumerable challenges that small business owners face, PPP loans were designed to be forgiven to prevent small business owners from incurring additional debt, provided employees were kept on payroll.

The text of the CARES Act, which was approved unanimously by the Senate, specified three criteria that the PPP forgiveness application was required to include:

1. Documentation verifying the number of full-time employees on payroll and their respective pay rates;
2. Documentation verifying payment of mortgage, lease, and utility payments for which the business owner sought PPP funds; and
3. A certification that the information presented in the forgiveness application is true and correct.

While the Small Business Administrator was also given the ability to require additional documentation necessary to verify proper use of PPP funds, we believe it is beyond the program's intent to require the information solicited in the 11-page forgiveness application that the SBA recently released. We appreciate the interest in appropriately auditing the use of government money. However, the loan forgiveness application – which understandably needs more information for loans worth significantly more than $250,000 – is three times longer than the original application for the PPP. Many of our constituents and the financial institutions who processed their PPP loan applications have reported that the existing forgiveness application will be difficult to complete and could cost business owners several thousand dollars in professional tax advice.

The Administration's intentions to scrutinize PPP loans above $2 million is an appropriate oversight of taxpayer resources. Failing to streamline the loan forgiveness application for loans that are worth a mere fraction of that will not only leave millions of small business owners without the relief that they were promised by Congress, but it will also introduce a needless complication to our nation's economic recovery.

We look forward to continuing to work with you and the Administration in supporting our country's small businesses and their employees during this difficult time. Thank you for your prompt attention to this matter.

Sincerely,
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Related Files
[June 12 2020 - US Senate Letter on PPP Forgiveness2.pdf]

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SSBEC Minority Press Release

Cardin, Portman, Booker & Lankford Issue Statement on Administration's Updated Rules on PPP Eligibility for Justice-Involved Entrepreneurs

June 15, 2020

(Washington, D.C.)—Ranking Member of the Senate Small Business & Entrepreneurship Committee Ben Cardin (D-Md.) and U.S. Senators Rob Portman (R-Ohio), Cory Booker (D-N.J.), and James Lankford (R-Okla.) today released the following statement after the U.S. Small Business Administration (SBA) and the Treasury Department announced updated rules with regard to past criminal justice involvement and eligibility for the Paycheck Protection Program (PPP):

"We appreciate the Administration's willingness to engage with us on this issue, and we welcome this Interim Final Rule to remove some barriers to PPP loans for entrepreneurs who have been involved with the justice system," the senators said. **"We remain concerned that individuals who have not yet had their day in court will still be prevented from securing a PPP loan, which violates a core tenet of our society: the presumption of innocence. We further want to reiterate that it is inappropriate to exclude from PPP any entrepreneur who has a prior felony unrelated to a financial crime. We will continue working with the Administration to ensure that small business owners and their employees are not unjustly prevented from securing these job-saving loans."**

The new rule reduces the timeframe for the exclusion of justice-involved small business owners in the PPP from 5 years to 1 year for felonies that do not involve fraud, bribery, embezzlement, or a false statement in a loan or federal assistance application. In addition, following an exchange with Senator Booker at Wednesday's Small Business Committee hearing, the agencies also made modifications to ensure that owners who had participated in a pretrial diversion program would be eligible for PPP loans. They do not, however, fix a major flaw within the old rules that penalizes those who have yet to have their day in court.
On June 4, the four senators introduced the bipartisan *Paycheck Protection Program Second Chance Act*, which would remove barriers to PPP for owners with unrelated felony records while preserving the presumption of innocence and keeping in place the five year timeframe for felony crimes related to financial fraud.

Permalink: https://www.sbc.senate.gov/public/index.cfm/2020/6/cardin-portman-booker-lankford-issue-statement-on-administration-s-updated-rules-on-ppp-eligibility-for-justice-involved-entrepreneurs

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Sen. Schumer Press Release

IN NEW LETTER TO SECRETARY MNUCHIN AND SBA ADMINISTRATOR CARRANZA, SENS. SCHUMER, CARDIN, BROWN, AND SHAHEEN LEAD ALL 47 SENATE DEMOCRATS IN CALLING FOR URGENTLY-NEEDED IMPROVEMENTS TO STREAMLINE AND SIMPLIFY CURRENT, ONEROUS PROCESS FOR SMALLER BUSINESSES APPLYING FOR PPP LOAN FORGIVENESS

https://www.democrats.senate.gov/newsroom/press-releases/in-new-letter-to-secretary-mnuchin-and-sba-administrator-carranza-sens-schumer-cardin-brown-and-shaheen-lead-all-47-senate-

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democrats-in-calling-for-urgently-needed-improvements-to-streamline-and-simplify-current-onerous-process-for-smaller-businesses-applying-for-ppp-loan-forgiveness
June 12, 2020

In New Letter To Treasury Sec. Mnuchin And SBA Admin. Carranza, All 47 Senate Democrats Urge The Administration To Streamline And Simplify The PPP Loan Forgiveness Process To Ensure The Smallest And Most Underserved Businesses Are Able To Easily Apply
Senate Democrats Say Burdensome, Time-Consuming, And Costly Forgiveness Process Hurts The Resource-Strapped Small Businesses, Including Minority-Owned Businesses That Have Faced Long-Standing Economic And Process Fairness Challenges Even Before COVID-19
Senate Democrats To Treasury Sec. Mnuchin And SBA Admin. Carranza: PPP Forgiveness Program Cumbersome, Costly, And Hurts the Smallest Businesses—Must Streamline And Simplify Process Now

Washington, D.C.—All 47 Senate Democrats, led by Senate Democratic Leader Chuck Schumer (D-NY), Senate Committee on Small Business and Entrepreneurship Ranking Member Ben Cardin (D-MD), Senate Committee on Banking, Housing, and Urban Affairs Ranking Member Sherrod Brown (D-OH), and Senator Jeanne Shaheen (D-NH), today sent a letter to Treasury Secretary Steven Mnuchin and Small Business Administration (SBA) Administrator Jovita Carranza calling for urgently needed improvements to streamline and simplify the Paycheck Protection Program (PPP) loan forgiveness application process to ensure the smallest and most underserved businesses are able to fully take advantage of the program.

Senate Democrats write that small businesses and lenders alike have voiced concerns about the complexity and high cost-burden of the forgiveness application process for PPP loans, particularly for very small and underserved businesses, including microbusinesses, sole proprietorships, rural, and minority-owned small businesses. In addition, the complex process contributes to barriers to entry for new borrowers and could heighten existing hurdles to inclusion, with recent survey data indicating that close to a fifth of minority business owners did not apply for assistance from programs like PPP because they saw the application process to be overly cumbersome and long.

To avoid the chaos that borrowers and lenders experienced in the early weeks of the PPP program, Senate Democrats request that the Administration streamline the forgiveness application now, especially for smaller loans, as many borrowers near the time to apply for forgiveness, and provide adequate resources to ensure a smooth and reliable process.

Senate Democrats' letter to Secretary and Mnuchin and Administrator Carranza can be found **here** and below:

June 12, 2020

The Honorable Steven Mnuchin
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

AMERICAN OVERSIGHT

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

Dear Secretary Mnuchin and Administrator Carranza:

The Paycheck Protection Program (PPP) represents the largest small business relief effort in our nation's history. We were pleased to have passed into law the Paycheck Protection Program Flexibility Act, which builds upon and improves this vital program. While these fixes are an important step forward in making PPP work better for small businesses and nonprofits, much work remains to see the program work more efficiently and fairly, particularly for small dollar borrowers. As the program enters its next phase and borrowers begin to seek forgiveness of their loans, there is an immediate need for significant improvements to the forgiveness application process, which is tremendously cumbersome and overly complex, especially for very small businesses, sole proprietors, and underserved borrowers.

We appreciate your acknowledgment in the recent Senate Small Business Committee hearing that the Administration will be updating the forgiveness form to reflect the critical changes required by the recently passed bill, and that this rewrite is an opportunity to improve the forgiveness process. We want to encourage the Small Business Administration and the Department of Treasury to significantly streamline and simplify the forgiveness process to ensure the smallest and most underserved businesses are able to fully take advantage of the program without having to make inordinate investments of time or limited resources.

Since the release of the forgiveness form and instructions a few weeks ago, we have heard significant concerns from small businesses and lenders alike about the complexity of the process especially for the smallest businesses. The 11-page form that must be completed to secure forgiveness is especially burdensome, time-consuming, and costly for very small and underserved businesses, including microbusinesses, sole proprietorships, rural, and minority-owned small businesses. We are especially concerned that so many of these very small and underserved businesses will feel compelled to hire accountants and attorneys to complete the forgiveness form in a manner that provides comfort that the loans will be forgiven. This is not just an issue for existing borrowers. It contributes to already existing barriers to entry for new borrowers. For example, recent survey data indicated that close to a fifth of minority business owners did not even try to apply for assistance from programs like PPP that they could have greatly benefited from because they saw the application process to be too difficult and long. The lengthy and complicated forgiveness form only adds to the already significant hurdles for inclusion of all small businesses in the program.

While we understand clearly the need to uphold accountability and ensure taxpayer money is properly spent, this process should not be so complex so as to require already struggling small businesses to spend significant resources on services to complete a government form or worry that

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if they do not, their application will be rejected. To avoid the chaos that borrowers and lenders experienced in the early weeks of this program, we request that the Administration consider streamlining the forgiveness application, especially for smaller loans, and provide adequate resources to ensure a smooth and reliable process that small businesses and nonprofits can have faith in. We also request that before the Administration releases a final, updated form that you engage directly with Congress for input to ensure the form upholds Congressional intent within the CARES Act and follows through on the requests within this letter.
To achieve these results, we request the Administration consider the following:

· Create a process for streamlined forgiveness for low-dollar loan amounts. This should include an easy-to-use form that requires a simple attestation on fund use and minimal documentation. This would significantly reduce burdens and provide as much flexibility as possible for very small businesses seeking to access forgiveness.
· Issue guidance providing lenders with some form of reasonable safe harbor protection when certifications are made by borrowers in the forgiveness process for low-dollar loan amounts.
· Develop a comprehensive suite of approved online tools and resources to help small businesses and nonprofits navigate the forgiveness process, including "how to" videos, online reporting calculators that have the validation of the government, and easy-to-use materials to empower resource partners like the Small Business Development Centers, Women's Business Centers, and Minority Business Development Agency's Business Centers in assisting with the completion of the forgiveness form.
· Stand up a well-staffed help line for borrowers or lenders to easily reach someone to talk through any challenges they encounter with the forgiveness forms or process.

The need for the Administration to update and revise the forgiveness form to reflect the changes included in the recently passed bill and create a more simplified process also presents an opportunity to collect additional information from program participants that complete the forgiveness process. We were pleased that the initial form includes an option for applicants to provide demographic data, for example. An updated, streamlined forgiveness form should continue to collect this information, ideally including a demographic reporting section on the first page to ensure as much information as possible is gathered to provide much more clarity on whether PPP assistance has reached communities of color.

In this public health and economic emergency, we must do all we can to make sure our small businesses have the support and assistance they need to weather the crisis. Small businesses should not need to spend precious resources on an accountant or attorneys to finalize their forgiveness application. The government should simplify the process such that these experts are not necessary or assist in providing this much-needed support. That must be especially the case for our very small and underserved businesses, including in communities of color, that oftentimes lack the resources of other businesses and in many cases, have faced long-standing economic and process fairness challenges even before COVID-19. We have a chance to improve the PPP forgiveness process now for these small businesses to ensure the program works as intended.

We appreciate your immediate attention to this request and thank you for your continued work to mitigate the impact that this public health crisis is having on the backbone of our economy, our

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American small businesses.

Sincerely,
###

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From:	Frederick.Vaughan@treasury.gov
To:	Hershey, Michael S; Biles, Brittany W
Cc:	Brian.Morrissey@treasury.gov; Eric.Froman@treasury.gov; William.Dargusch@treasury.gov; Lauren.Nunnally@treasury.gov
Subject:	House SSCC Request
Date:	Monday, June 22, 2020 9:39:48 AM
Attachments:	2020-06-15.Select Committee to Mnuchin Carranza- SBA re PPP.pdf

CAUTION - The sender of this message is external to the SBA network. Please use care when clicking on links and responding with sensitive information. Send suspicious email to spam@sba.gov.

Mike and Britt

Is there a time today or tomorrow our teams can hop on a call to discuss the attached?

Thanks, Fritz

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From: Gray, Christopher S.
To: Vallante, Michael A.
Cc: Manger, William M.
Subject: Info
Date: Wednesday, July 8, 2020 5:19:35 PM
Attachments: 2020-06-15.Select Committee to Mnuchin Carranza- SBA re PPP.pdf

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Hi Mike – Per your conversation earlier with Bill Manger please see the attached letter and link below. (b) (5) [redacted] Let me know if you have any questions.

https://coronavirus.house.gov/news/letters/select-subcommittee-launches-investigation-disbursement-ppp-funds

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