

May 7, 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:

On behalf of the members of the American Bankers Association, composed of large, regional, midsize and community banks, minority depository institutions, and community development financial institutions, I write to urge you to release clear, bright-line guidance on loan forgiveness as soon as possible. Without this critical guidance, small businesses cannot take the necessary steps to best utilize their Paycheck Protection Program (PPP) loans.

As you know, the PPP envisions a certain amount of forgiveness for loan recipients that properly utilize funds. However, as guidance has continually shifted on eligibility and what constitutes a proper use of funds, many borrowers and lenders are left unsure about how loan forgiveness will actually work. The forgiveness process will be new for both borrowers and lenders, and it is important that there is sufficient time to educate bank staff on the mechanics. Since this program first launched, our members have made repeated calls for clear and consistent guidance from both the U.S. Treasury and the U.S. Small Business Administration (SBA) on this topic, as well as several others. I respectfully ask you to release loan forgiveness guidance with all due haste, so banks and borrowers can easily follow the rules you establish.

Many small businesses face a May 14, 2020 deadline to decide whether to repay funds in order to take advantage of the safe harbor, which is available to those that made the required good faith certification of economic need but who decide, in light of new guidance issued April 23, 2020, to repay the loan. Without the ability to see loan forgiveness guidance and fully understand how it works, these businesses have no way of knowing whether they should be returning the funds. We would ask that if you cannot release loan forgiveness guidance well before May 14, 2020, that you extend this safe harbor deadline until the date that such guidance is issued.

Finally, I would urge you to release Form 1502, since it has been 10 days since you mentioned its forthcoming issuance in the April 28, 2020, interim final rule on disbursements. We are hopeful that Form 1502 will be completed soon, as it is a critical form our members must use to notify the SBA that a loan has been closed and funds fully disbursed.

This program has already provided more than 4 million loans to small businesses across the country, but until we resolve some of these remaining issues, this financial lifeline will remain a work in progress. Only by finalizing this much-needed guidance will borrowers and banks have the certainty they need to move forward.

On behalf of our member banks, thank you for your consideration and for this opportunity to help struggling small businesses and put the nation on a path to recovery.

Sincerely,

BOB NICHOLS