



April 15, 2020

William Manger
Associate Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, D.C. 20416

Michael Faulkender
Assistant Secretary for Economic Policy
United States Department of the Treasury
Treasury Building
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Re: Implementing the Paycheck Protection Program

Dear Associate Administrator Manger and Assistant Secretary Faulkender,

On behalf of the Consumer Bankers Association (CBA), I would like to express the need for immediate measures to correct deficiencies in the Paycheck Protection Program (PPP) that are creating critical urgency relating to small business liquidity needs. The PPP has been welcomed by small businesses across the country and is considered a lifeline for the millions of men and women who work at them. These businesses and their employees now face immediate economic threats related to the COVID-19 pandemic and implementation of the program must not be interrupted. Bankers across the country have worked tirelessly to implement the new program, that is less than two weeks old, having been inundated by high volumes of loan applications from small business owners. Our members continue to do everything humanly possible to support U.S. small businesses and provide them assistance through the PPP established in the Coronavirus Aid, Relief, and Economic Security (CARES) Act.¹

We believe the below issues demand immediate attention to ensure the PPP works as efficiently as possible, allowing banks to provide this critical funding.

1. Continued PPP Funding

Due to high demand, that speaks to the popularity of the program, banks are deeply concerned that the initial funding provided by Congress will expire before the end of this week. Thousands of America's small businesses will not be able to receive the economic relief provided through the PPP unless additional funds are appropriated.

Accordingly, we urge the Treasury and SBA to encourage Congress to immediately approve \$250 billion in additional funding for **ALL** lenders, to ensure there will not be a break in service to small businesses. Lenders of all sizes are committed to serving small businesses, and a bifurcation of funds based on

¹ H.R. 748, 116th Cong., § 1102(a)(2) (2020).

lender size should not be permitted. Preventing banks that have the highest capability to lend the ability to access half the new funds will slow the availability of emergency liquidity needed by many small businesses. Now that banks finally have a better understanding of the functions of the program from newly issued rules and guidance from the Department of Treasury and the SBA, loans will be funded on a larger scale. Not allowing larger institutions to fully participate in the new tranche of funding will remove the most capable lenders, who have a large number of pending applications, from accessing PPP funds to ensure small businesses have the liquidity need to pay employees.

2. Continuation of E-TRAN Loan Processing

Additionally, lenders need immediate guidance on the ability to continue processing loans in E-TRAN pending more funding. Lenders would like to continue to process PPP applications in order to keep the queues moving, allowing for quicker funding of PPP loans to small businesses. Entering PPP loans into the system would ensure small businesses are able to receive immediate funds, without the continued backlog, when Congress approves additional funding.

3. Forgiveness Process

CBA urges the Treasury and SBA to provide immediate parameters and guidance for the forgiveness piece before the 8-week period provided for in the CARES Act comes to an end. Like loan funding, the forgiveness step in the PPP process will be fraught with unintended consequences and is likely to see significant processing delay. The more the agencies engage lenders now to address concerns, the better situated lenders will be to maneuver the forgiveness process.

4. Formal Guidance

While the recent guidance and FAQs have been helpful, more formalized guidance or an official program guide is essential to ensure the rules are explicitly stated and formalized.

5. E-TRAN

Demand from small businesses for PPP loans remains high, with new applications being received daily. Additionally, financial institutions continue to have a large number of submitted applications which are awaiting E-TRAN approval. Due to system malfunctions, the E-TRAN system continues to be affected by significant delays and has created a massive backlog in loans disbursed. Lenders are working expeditiously to process these loans, problem solving in real time to overcome implementation hurdles to ensure the PPP program remains a success.

However, due to this backlog, more time is needed beyond the 10 days granted by the Treasury in FAQ #20 to process and close loans. It has been requested by our members that SBA allow for a 20-day timeline from the time a loan is booked in E-TRAN and an SBA number is received in order to allow for loan closings. This would be a more reasonable approach so banks will not have to start the loan process over again if they cannot close within the current 10-day window, creating great confusion and frustration for borrowers.

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CBA understands that resources are limited, and Treasury and SBA are fielding many questions from a great number of lenders, potential borrowers, and others. CBA greatly appreciates the efforts of both agencies in the implementation of this historical and unprecedented program. We welcome any

opportunity to provide any additional assistance or input. If you have any questions, please contact David Pommerehn, SVP/General Counsel, at 202-207-5161 or at dpommerehn@consumerbankes.com.

Sincerely,

A handwritten signature in black ink that reads "Richard Hunt". The signature is written in a cursive style with a large, prominent "R" and "H".

Richard Hunt
President and CEO
Consumer Bankers Association