



April 14, 2020

The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, DC 20220

Dear Secretary Mnuchin:

We, the undersigned State Credit Union Associations/Leagues (Leagues), which comprise the American Association of Credit Union Leagues (AACUL), and the Credit Union National Association (CUNA), thank you for your hard work and ongoing leadership during this crisis. State credit union leagues, AACUL, and CUNA represent credit unions across the nation and their 115 million members.

Credit unions welcome the opportunity to help Americans by making loans through the Paycheck Protection Program (PPP) that was created by the recently enacted CARES Act. Unfortunately, due to many challenges stemming from the compressed timeframe in which the PPP was enacted and implemented, our member credit unions have faced problems in making, processing and disbursing loans. Furthermore, credit unions have had difficulties in joining the loan program. Credit unions are eager to help Americans right now and have been doing so in many ways but are limited when the tools that are given do not function properly.

As we had noted in our letter dated April 3, 2020, our chief concern then was the compressed timeline for the program's implementation and publishing of guidelines. Published just hours before PPP went live, the interim final rule forced credit unions and other lenders to implement a lending program while forms and procedures were still being developed by the Small Business Administration (SBA). Our previous letter outlined the challenges of implementing a program in this manner, but because of credit unions' commitment to helping their members, they have proceeded to make PPP loans, and even credit unions that are not SBA lenders have signed up to make these loans.

As expected, there were challenges to lenders making loans on April 3 and challenges that persist.

Lack of Support from the SBA. We understand that SBA and its staff were given a difficult task in developing the PPP within a short time period and we appreciate the effort. Nonetheless, credit unions have indicated that getting general questions answered and access to the SBA lending platform has been challenging. The SBA must actively support lenders at this time and provide timely answers to questions. Lack of support can derail a lending program, leading to frustrated lenders and borrowers.

Loan Closing Concerns. Credit unions are concerned with the loan closing process and forms. The SBA has told lenders that they don't need a PPP specific loan note or a PPP loan authorization form before an approved loan is disbursed. Because of the loan forgiveness feature and the other factors that make PPP loans unique among SBA loans, that assurance is falling short for credit unions. The reality is a rejection

by SBA would leave a credit union holding the loan and could take away the borrower's ability to have the loan forgiven, which is the most important feature of the loans.

Clarification on the Disbursement of Loans. Credit unions need additional clarification on the actual disbursement of the loans to borrowers. It remains unclear whether the entire approved amount is made available to the borrower at disbursement. Another question is whether lenders have the authority to require borrowers to open accounts - if the borrowers are not already members - for the acceptance of the loan proceeds. Furthermore, there remains confusion regarding whether a borrower has a choice of financial institutions where proceeds are deposited.

Clarification on Forms. Credit unions have also had questions over the specific forms as illustrated below.

- Clarification as to what constitutes "other" on the forms for Borrower (2483) and Lender (2484). The forms include check boxes for identification as: Sole proprietor Partnership C-Corp S-Corp LLC Independent contractor Eligible self-employed individual 501(c)(3) nonprofit 501(c)(19) veterans organization Tribal business (sec. 31(b)(2)(C) of Small Business Act) Other Is "other" meant to cover "or any other business" in the interim final rule section describing eligible borrowers? If so, further clarification is needed on what businesses can be included in this "box".
- When SBA updates or replaces forms for the PPP on its website, it must remove the old forms and provide notice that forms have been updated. Further, the SBA should provide guidance on whether the forms for loans in the pipeline must be altered.

We hope that you will give all due consideration to these recommendations as equal and fair access for all credit unions is critical to the success of the program. Credit unions are eager to work with you to ensure that the PPP is successful, and we hope that you find these comments constructive.

Sincerely,



Jim Nussle, President and CEO
Credit Union National Association



Diana Dykstra, President and CEO
California & Nevada Credit Union Leagues



Daniel McCue, President and CEO
Alaska Credit Union League



Dan Schline, President and CEO
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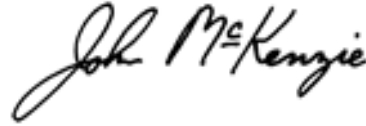
Bruce Adams, President & CEO
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Ron McLean, President and CEO
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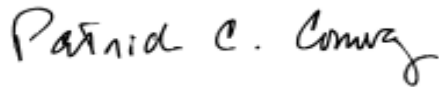
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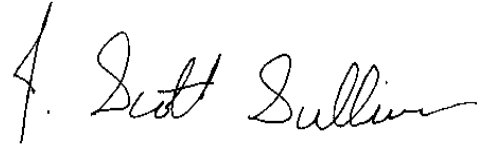
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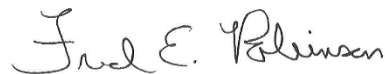
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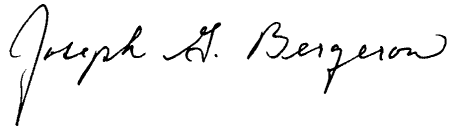
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CC: The Honorable Marco Rubio, Chairman, U.S. Senate Committee on Small Business and Entrepreneurship
The Honorable Ben Cardin, Ranking Member, U.S. Senate Committee on Small Business and Entrepreneurship
The Honorable Nydia M. Velázquez, Chairwoman, U.S. House Small Business Committee
The Honorable Steve Chabot, Ranking Member, U.S. House Small Business Committee