

September 24, 2020

The Honorable Jason Crow  
Chairman  
House Small Business Subcommittee on Innovation and  
Workforce Development  
United States House of Representatives  
Washington, DC 20515

The Honorable Troy Balderson  
Ranking Member  
House Small Business Subcommittee on Innovation and  
Workforce Development  
United States House of Representatives  
Washington, DC 20515

Dear Chairman Crow and Ranking Member Balderson,

On behalf of America's credit unions, I am writing regarding the Subcommittee's hearing titled, "Paycheck Protection Program: An Examination of Loan Forgiveness, SBA Legacy Systems, and Inaccurate Data." The Credit Union National Association (CUNA) represents America's credit unions and their 120 million members.

The Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act was instrumental in saving many small businesses and helped provide many Americans with needed paychecks. Credit unions across the nation showed their commitment to helping Americans by making over 170,000 PPP loans to small businesses impacted by this unprecedented crisis.

We understand that implementing this unique lending program was challenging for the SBA and clearly the product was still being developed as credit unions and other lenders were originating loans. Unfortunately, as was expected, the compressed timeframe in which the PPP was enacted and implemented resulted in many challenges for our member credit unions in making, processing, and disbursing loans.

At times during the initial phase and start of the second phase of the PPP, access to critical SBA systems was not available to all lenders, which frustrated lenders and borrowers alike. Loan processing speed is not usually a problem with most lending products, but with the race to lend what was a finite amount of funds, speed of approval was the difference between a business or individual receiving a loan that saves them or their employees from hardship or being left with no assistance.

While PPP lending has concluded, there are a number of steps that SBA should take if additional funds become available. SBA should improve their national and regional operation in order to provide more timely feedback to lenders and borrowers, including lender prioritization guidance, official guidance formalizing the use of PPP forms and guidance on the loan purchasing process. Furthermore, the SBA should issue guidance and forms to reflect that privately insured state-chartered credit unions are eligible to lend through the program.

Credit unions rose to the occasion in spite of these barriers and many employees spent countless late hours helping small business owners access this crucial program. Credit unions proudly shared anecdotes of walking members through their applications late into the evenings.

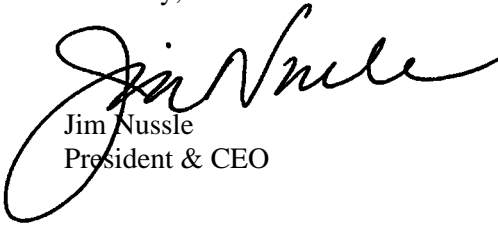
Now, almost 6 months later, credit unions and small business owners face the onerous task of meeting PPP loan forgiveness requirements. The linchpin of this program was effectively turning a PPP loan into a grant, if specific conditions are met for the use of the borrowed funds. Loan forgiveness helps support businesses by providing them funding to pay employees and certain other expenses that will not have to be repaid, allowing businesses to stay solvent in a time of decreased revenues.

Now that the PPP program has transitioned to the loan forgiveness phase, credit unions are concerned that the loan forgiveness process is overly complicated for most businesses. The process is so complex that most businesses may need to retain counsel to navigate the application process – an expense many of the smallest businesses cannot afford during normal times, much less in this crisis. In order to allow America's small business owners and Main Street financial institutions to remain focused on serving their communities rather than jumping through burdensome regulatory hurdles, we urge Congress to implement policy that provides automatic loan forgiveness for PPP loans.

We strongly recommend that Treasury and the SBA simplify the forgiveness application process for loans under \$150,000 as outlined by S. 4117 and H.R. 7777. This legislation would provide forgiveness for PPP loans of \$150,000 or less if the borrower submits an attestation form to the lender. It also ensures that the lender will be held harmless from any enforcement action if the borrower's attestation contained falsehoods. This threshold captures the vast majority of loans and is the amount at which the CARES Act makes the lowest cutoff in determining lender processing fees. The agencies should consider making forgiveness of these loans automatic or require a simple good faith certification that the funds were spent on forgivable expenses.

Credit unions stand ready to support America's small business communities today and in the months of recovery after. Thank you for your leadership during this crisis and the consideration of our views.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle". The signature is fluid and cursive, with a large loop at the end.

Jim Nussle  
President & CEO