

September 25, 2020

The Honorable Andy Kim
Chairman
Committee on Small Business Subcommittee on
Economic Growth, Tax, and Capital Access
United States House of Representatives
Washington, DC 20515

The Honorable Kevin Hern
Ranking Member
Committee on Small Business Subcommittee on
Economic Growth, Tax, and Capital Access
United States House of Representatives
Washington, DC 20515

Dear Chairman Kim and Ranking Member Hern,

On behalf of America's credit unions, I am writing regarding the hearing entitled, "A Review of PPP Forgiveness" and to express our strong support for simplifying the loan forgiveness process for the thousands of small business borrowers adversely affected by COVID-19. The Credit Union National Association (CUNA) represents America's credit unions and their 120 million members.

Credit unions across the nation have made over 170,000 Paycheck Protection Program (PPP) loans to help small business owners pay employees and other necessary expenses during the pandemic. The average credit union-originated loan was around \$49,000 with loans being as small as \$1,000 or less, a true measure of just how crucial this program has been to Main Street America.

As you know, the key benefit of PPP over other loan programs is loan forgiveness. This unique feature effectively turns 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 funding to pay employees and other operating expenses that will not have to be repaid, allowing businesses to stay solvent in a time of decreased revenues while providing for a mechanism for employees to be paid even if a business was closed and unable to operate.

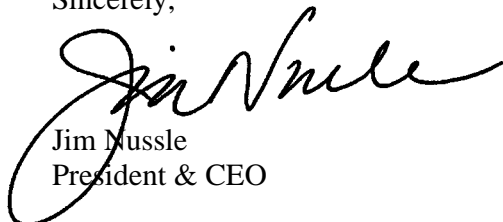
Now that the PPP program has transitioned to the loan forgiveness phase, credit unions are concerned that the loan forgiveness process is overly complicated for most businesses. The process is so complex that most businesses may need to retain outside counsel to navigate the application process – an expense many of the smallest businesses cannot afford during normal times, much less in this crisis. Creating an overly complex forgiveness process would seem to be the antithesis to the spirit of a program designed to rapidly deploy resources to small business, especially when the expectation is that the funds appropriated to PPP were never expected to be repaid.

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 support H.R. 7777, the Paycheck Protection Program Small Business Forgiveness Act and its Senate companion, S. 4117. 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.

The Paycheck Protection Program Small Business Forgiveness Act is commonsense legislation that would help small businesses navigate the final steps in the PPP process. We hope it can be enacted swiftly to help small businesses that need the loan forgiveness process to be as simple, cost-effective and efficient as possible.

Credit unions remains ready to serve small businesses across the nation today and in the months of recovery ahead. On behalf of America's credit unions and their 120 million members, thank you for holding this important hearing.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle". The signature is fluid and cursive, with a large initial "J" and "N".

Jim Nussle
President & CEO