

February 16, 2021

U.S. Small Business Administration  
409 3rd Street, S.W.  
Washington, DC 20416

Re: Business Loan Program Temporary Changes; Paycheck Protection Program Second Draw Loans IN 3245-AH63, Docket No. SBA-2021-0002

To Whom It May Concern:

The Credit Union National Association (CUNA) appreciates the opportunity to submit comments to the Small Business Administration (SBA) in response to the request for comment regarding the implementation of the Payroll Protection Program (PPP) Second Draw Loans. CUNA represents America's credit unions and their 120 million members.

The PPP Second Draw Program was created by Section 311 of the Economic Aid Act, which added temporary section 7(a)(37) to the Small Business Act. This new section authorizes the SBA to guarantee PPP Second Draw Loans under generally the same terms and conditions available under the Paycheck Protection Program. Credit unions continue to make PPP loans through both programs to help small businesses survive the pandemic.

SBA's PPP has matured extensively over the short period of time since enacted and it appears that SBA has applied many of the lessons learned to the PPP Second Draw Program, which has made the implementation of the program much easier for lenders. However, there is still room for the SBA to make improvements. One suggestion is that the SBA could provide a much simpler user-friendly format (like the Q&A) for assisting lenders in processing Second Draw Loans, rather than the list of error codes and bullet points in the notice. This would allow lenders to process these loans with less confusion and ensure the funds are not held up for eligible borrowers due to lenders being unable to understand all the error codes and the required "fixes" to get around the codes.

Credit unions also continue to be challenged by a slow approval process. One issue slowing the approval of loans is errors given during processing for what should be correct applications. Below are a couple of examples of errors seen by our members:

- Borrower's First Draw Loan is under review when it either has already been forgiven or the borrower has not yet applied for forgiveness.
- Disqualifying business formation date when the formation date submitted was prior to February 15, 2020.
- Applicant potentially deceased when the owner is not deceased.
- Based on the number of employees, the loan amount may be inaccurate.

In addition to the errors in the approval process, credit unions are concerned that they may not have adequate support from the SBA to remedy issues and answer questions. Credit unions have reported to CUNA extended delays running into weeks for help from call centers, which makes it difficult to obtain help with questions and issues. We have also heard that the SBA servicing team is backlogged with tax ID issues from the forgiveness process. In addition to customer service issues, we received feedback that this round of PPP loans requires more extensive validation through multiple systems to process applications. The accumulation of these issues slows the loan process and credit unions' ability to provide relief to Americans.

We thank the SBA and its staff for their diligent work in these trying times. Credit unions want to do everything within their ability to help small businesses obtain PPP loans. Fixing the challenges detailed above will speed up the process to help small businesses get the relief needed to survive during this pandemic.

If you have any questions about our comments, please do not hesitate to contact me at (202) 508-6705.

Sincerely,

A handwritten signature in cursive script that reads "Lance Noggle".

Lance Noggle  
Senior Director of Advocacy and Counsel &  
Senior Counsel for Payments and Cybersecurity