

Congress of the United States  
U.S. House of Representatives  
Committee on Small Business  
2561 Rayburn House Office Building  
Washington, DC 20515-6515

April 7, 2020

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

The Honorable Jovita Carranza  
Administrator  
Small Business Administration  
409 3rd Street, SW  
Washington, DC 20416

Dear Secretary Mnuchin and Administrator Carranza,

As you know, The Paycheck Protection Program (PPP) is designed to inject \$349 billion into our struggling small businesses. Leveraging the existing 7(a) lender network, the PPP will provide forgivable, low-interest loans to small businesses to pay employees, keep them on the payroll, and keep the business viable during this unprecedented crisis. The CARES Act also created a new, immediate disaster grant at SBA. Using the current economic injury disaster loan (EIDL) program, these grants were designed and intended to deliver a quick infusion of capital, based simply on applicants self-certifying they are eligible. Further, grant recipients are not precluded from apply for a PPP loan, or continuing to pursue a full EIDL program loan.

However, it does not appear that these programs are being implemented as Congress intended. I am extremely concerned that underserved microbusinesses, small businesses in urban and rural parts of the country are being shut-out from funds. In addition, the piecemeal guidance and fact sheets Treasury and SBA have released are in many instances confusing, contradictory, and provide little clarity to the millions of small businesses that are in desperate need of assistance. Finally, we have heard repeated concerns about IT system breakdowns that are preventing small firms from quickly applying for and receiving loans.

With respect to accessibility to the program, please provide the following information;

1. Is there a plan to set aside a portion of the PPP allocation for mission-based lenders, including CDFIs, CDCs, and Minority Depository Institutions, all of whom help underserved small businesses in urban and rural parts of the country?
2. How will you ensure equal access to PPP loans by traditionally underserved communities, including women-, minority-, and veteran-owned businesses as well as those located in rural areas?

With respect to lending activity, please provide the following information:

1. How many loans have been processed?
2. How many loans have been disbursed?
3. What is the average amount of a loan disbursement?
4. What is the average size of the small business being approved for and sent funds?
5. What is the ratio of new to existing relationships that banks are processing?
6. What is the SBA doing to encourage banks to help new customers get loans?
7. Where are these businesses located?

With respect to providing clarity for small businesses attempting to access the PPP:

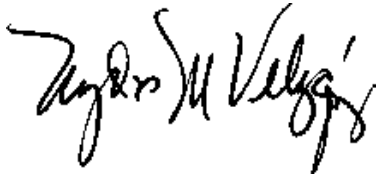
1. We are hearing that many banks and the SBA are unresponsive to applicant questions. What are your agencies doing to ensure each applicant gets the assistance they need to be properly processed and not turned away?
2. Many small firms cannot get basic questions answered. There are reports that individuals have waited close to 3 hours to speak to someone. Are any steps being taken, such as a network of eligibility experts, to give borrowers an access point to expedite loans and address confusion?
3. Many small businesses applied for an EIDL loan weeks ago but still have not received funds. When will the SBA start disbursing EIDL loans and grants?
4. Please confirm that small businesses can apply for an EIDL and PPP at the same time as Congress intended.
5. There is confusion regarding the 8-week period small businesses must have employees on their payroll. Please provide clear guidance on when the 8-week period begins and ends.

With respect to the SBA processing of applications and other IT issues:

1. The SBA website gone down repeatedly. How long are these outages averaging and what steps are you taking to minimize downtime?
2. How is the SBA securing applicant data in order to prevent a second data breach?
3. What is SBA doing to provide more interfacing between the SBA systems and Lender systems?
4. Lenders are reporting that they can't fully process loans for disbursement because the Etran system is crashing on a regular basis. What steps are being taken to shore the system up? What assurances can you provide that the system will be able to handle the millions of applications anticipated over the next few weeks?
5. Will SBA be able to meet loan timelines as volume of applicants increases? What is the existing timeline, and does SBA foresee this timeline extending?
6. Is there a confirmation email that is sent to the applicant once they have submitted their application?
7. Is there a way for applicants to track their loans?

I am deeply troubled by the issues I am hearing and these issues, along with many others, need to be rectified so we don't repeat mistakes of the past. Please provide answers to the above questions by Thursday, April 9, 2020.

Sincerely,

A handwritten signature in black ink, appearing to read "Nydia M. Velazquez". The signature is fluid and cursive, with the first name "Nydia" being the most prominent.

Nydia M. Velazquez  
Chairwoman  
House Small Business Committee