

THEODORE E. DEUTCH
22ND DISTRICT, FLORIDA
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COMMITTEE ON ETHICS
CHAIRMAN
COMMITTEE ON FOREIGN AFFAIRS
CHAIRMAN, SUBCOMMITTEE ON THE MIDDLE EAST,
NORTH AFRICA, AND INTERNATIONAL TERRORISM
SUBCOMMITTEE ON EUROPE, EURASIA, ENERGY,
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COMMITTEE ON THE JUDICIARY
SUBCOMMITTEE ON CRIME, TERRORISM,
AND HOMELAND SECURITY
SUBCOMMITTEE ON COURTS,
INTELLECTUAL PROPERTY, AND THE INTERNET



Congress of the United States
House of Representatives
Washington, DC 20515

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MARGATE, FL 33063
(954) 255-8336
(561) 470-5440

April 8, 2020

The Honorable Jovita Carranza
Administrator
Small Business Administration
409 Third Street, SW, Suite 7900
Washington, DC 20416-2230

Dear Administrator Carranza,

I write to urge your Agency to ensure that every small business applying for the Economic Injury Disaster Loan (EIDL) program and requests the immediate assistance of \$10,000 be provided the assistance within the three days as required under the CARES Act.

As you are aware, the CARES Act permits small businesses that apply for an EIDL to request an immediate advancement of \$10,000 that is distributed to the business within three days of submitting an application. The three-day requirement is a provision – Section 1110(e)(1) - in the CARES Act that is now law.

The intent of the three-day provision is to provide a critical source of funding to bridge the time between a small business submitting an EIDL application and the business receiving approval of their loan application. Small businesses that are applying for the EIDL and also requesting an immediate \$10,000 within three days of submitting their application are in dire financial need. The economic impacts of the coronavirus pandemic are making it impossible for many small businesses to keep their employees on the payroll, to make rent and mortgage payments, and meet their basic business needs. Receiving the \$10,000 payment can keep a business from permanently closing.

I strongly urge your Agency to quickly provide small businesses requesting the \$10,000 with the funding they need as they wait for their EIDL applications to be resolved. This \$10,000 is a critical funding bridge for small businesses in the present economic climate. Indeed, Congress has required in law that this funding be provided within three days of the request. Thank you for your

The Honorable Jovita Carranza

April 8, 2020

Page 2

prompt attention to this matter. I look forward to continuing to work with you to assist our small businesses and their employees.

Sincerely,

A handwritten signature in blue ink, appearing to read "Theodore Deutch". The signature is fluid and cursive, with a large loop at the end.

Theodore E. Deutch
Member of Congress

Congress of the United States
Washington, DC 20515

April 9, 2020

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

The Honorable Jovita Carranza
U.S. Small Business Administration
409 3rd St SW
Washington, DC 20416

Dear Secretary Mnuchin and Administrator Carranza:

We write to thank you for your work to provide urgently needed assistance to employers across New Hampshire, and the country, as they struggle through the COVID-19 pandemic. Given the enormous demand and pressing need for assistance from the Economic Injury Disaster Loan (EIDL) program and Paycheck Protection Program (PPP), which were recently passed into law as part of the bipartisan Coronavirus Aid, Relief, and Economic Security (CARES) Act, Congress must act swiftly to extend, expand, and improve these programs. As Congress works to increase funding for this direct assistance, we strongly urge your agencies to prioritize addressing several major issues with these programs that are of serious concern to employers in New Hampshire.

Under the CARES Act, the Small Business Administration (SBA) is directed to rapidly disperse emergency grants to small employers who apply for assistance through the EIDL program. Congress directed that these emergency grants, which employers do not have to pay back even if they are denied or choose not to accept a loan through the EIDL program, be sent to employers within three days of employers submitting an EIDL application to the SBA.

Unfortunately, EIDL applicants in New Hampshire have not received these emergency grants within this timeframe. Though we understand the enormous implementation tasks currently underway at your agencies, we are seriously concerned about this delay in funds for employers in our state that urgently need this emergency assistance, and we urge you to take all possible steps to ensure that EIDL emergency grants are disbursed as quickly as possible.

We are also significantly concerned about small employers with fewer than 10 employees that may not receive the maximum \$10,000 EIDL emergency grant, and about employers facing major operational disruptions that may be ineligible for the maximum EIDL loan amount of \$2 million, due to the way in which Treasury and SBA are determining EIDL grant and loan sizes. We urge you to use the broad emergency rulemaking authority granted to your agencies by the CARES Act to ensure that the smallest employers and employers needing significant EIDL loans receive the direct assistance needed to stay afloat during this crisis.

In addition to these concerns regarding the implementation of the EIDL program, we urge you to continue working with Congress to address several outstanding issues with the PPP program. First, many employers in New Hampshire have faced barriers in applying for PPP assistance through lenders with which they have no pre-existing lending relationship. The PPP program is

intended to directly support all small employers, including non-profits and small businesses that have less extensive relationships with financial institutions. As your agencies refine and communicate PPP guidance to lending partners, it is crucial that you ensure that all small employers have timely access to PPP assistance through a streamlined application process with minimal paperwork burdens.

Moreover, it is imperative that your agencies specifically take into account how to ensure access to PPP assistance for self-employed individuals, who are eligible to apply to the program as of this Friday, April 10. Given the large demand for PPP assistance since the program became available to small employers last Friday, April 3, we urge you to take all possible steps to assist self-employed individuals who – like small employers – urgently need the direct support provided by the PPP program.

We stand ready to do our part as well to help ensure that more funds are made available for these purposes should current funding prove inadequate, and to address any further obstacles faced by small employers applying for assistance through the EIDL and PPP programs.

Again, thank you for the enormous efforts of you and your staff in implementing these crucial programs for small employers and the self-employed. We will continue partnering with your agencies to provide this direct assistance as rapidly as possible.

Sincerely,



Margaret Wood Hassan
United States Senator



Jeanne Shaheen
United States Senator



Anne McLane Kuster
United States Representative



Chris Pappas
United States Representative

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Washington, DC 20515

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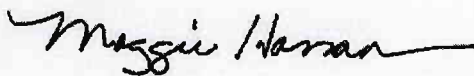
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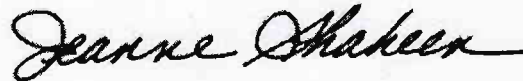
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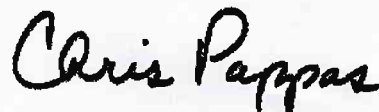
Margaret Wood Hassan
United States Senator



Jeanne Shaheen
United States Senator



Anne McLane Kuster
United States Representative



Chris Pappas
United States Representative

United States Senate

WASHINGTON, DC 20510-3203

April 2, 2020

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

Dear Administrator Carranza,

We write to thank you for our recent phone call to discuss the implementation of the Small Business Administration's (SBA) critical programs to help the nation's small businesses and nonprofits stay afloat during this unprecedented crisis. COVID-19 has wreaked havoc on employers and their workers across every industry and in every corner of the nation. So many of our small businesses operate at close margins and have limited ability to absorb the kind of significant hit to revenues that this pandemic has caused. As we conveyed, and as we know you understand, a swift implementation is required of the small business assistance Congress included in the *Coronavirus Aid, Relief, and Economic Security Act* (the *CARES Act*).

In follow-up to our conversation, we wanted to further reiterate our urgent request for the release of guidance that both reflects Congress' intent in the *CARES Act* and that offers clarity and certainty to small businesses and nonprofits on how they can receive timely assistance from the SBA. Included below is a list of priority issues we discussed for consideration as SBA develops guidance.

Implementation Timeline

- So many small businesses and nonprofits have weeks, if not days, before they go under. We need swift implementation of the various SBA programs in the legislation. While we appreciate that the Administration has committed to the first Paycheck Protection Program (PPP) loans being processed this Friday, we want to stress the need for clarity on how businesses can access these programs and lenders can facilitate the loans. Can you confirm when detailed guidance will be finalized and how this information will be shared with small businesses and organizations so they are aware? Can you confirm that as of this Friday, any eligible small business or nonprofit will be able to work with a certified SBA-7(a) lender to begin a PPP loan application?

Treasury Expansion of 7(a) Lender Network

- As you know, this legislation authorized Treasury to designate many more financial institutions as new SBA eligible lenders. The PPP loan program's success rests on this expansion of SBA's lending network. Can you provide details on how SBA is coordinating with the Treasury Department to expedite the addition of new lenders to the certified SBA 7(a) lenders network? Related, what kind of steps are being taken to get information to our constituents on how these programs will work and where and when they can begin applying? How can a small business or nonprofit learn if their bank is eligible to process a loan and if not, where to locate an eligible financial institution to

work with? We want to avoid a situation where small businesses do not know where to go to access these critical loans. In fact, we were encouraged by discussion of a hotline that small businesses and lenders can call if they encounter any complications or have additional questions. Will such a hotline be put in place? How will you ensure adequate staffing is available so wait times are minimal?

Reporting on Loan Program Results

- We want to have a close understanding of how many loans are being made, who is receiving the loans, and how quickly funding is being drawn down in case Congress must act quickly in considering more funding for these programs. Can you commit to a weekly report on this information?

Nonprofit Eligibility

- We have heard many concerns from our nonprofits that the SBA's affiliation rules may prevent them from receiving assistance. How strictly will the SBA apply the affiliation rules to these programs during this crisis? Will the SBA address these concerns in the guidance for implementation? Can you provide clear direction to the nonprofit community on who may be eligible or not based on these affiliation rules? If so, when?
- It has also been brought to our attention that thousands of nonprofits in Puerto Rico may be ineligible under the 501(c)(3) eligibility standard included in the Paycheck Protection Program. The issue is that Puerto Rico's nonprofits register their status locally and not with the IRS, which technically means they are not 501(c)(3). This runs against Congress' intent for most charitable nonprofits, with up to 500 employees, to qualify for this program. Nonprofits in our territories cannot be left out of this program because of this technicality. The SBA should consider evidence in determining 501(c)(3) eligibility that considers nonprofit organizations or entities that are organized or doing business under State law. Will the SBA address this issue in guidance?
- We are concerned that the SBA may rule houses of worship as ineligible for SBA's Paycheck Protection Program. There are reasons that require a thoughtful application of the agency's rules for houses of worship, but we also want to stress, to the extent legally possible, the need to support these institutions as 501(c)(3) organizations the *CARES Act* made eligible. How will the SBA address this in its guidance?

Affiliation Rules

- In addition to how affiliation rules may negatively impact nonprofits, we are also concerned that some genuine small businesses that have a relationship with investors may be left out of PPP loans due to affiliation rules. We are also concerned that lenders and the SBA could be hindered by the lack of clarity in the rules as they stand because they are cumbersome, complex and in some cases subjective. Will the SBA issue swift guidance that has brighter lines and additional clarity to resolve confusion with regard to the eligibility of small businesses with minority investors in order to better inform applicants and avoid leaving out small businesses with a credible need?

Ensuring Small, Disadvantaged, and Underserved Businesses Receive Assistance

- We are very concerned about the limited funding provided to the SBA's PPP loans being drawn down quickly, especially given the provisions for franchises, big hotels and restaurants. What protocols are you putting in place to monitor the use of funds?
- Given these funds are first-come, first-serve, how are you ensuring that independent and community small businesses without the resources of larger companies are getting the assistance they need to access the program?

- How will you ensure disadvantaged and underserved businesses are receiving assistance from this program, not just bigger businesses taking advantage of provisions that waived rules for franchises, big hotels and restaurants?

Debt Relief for SBA Borrowers

- The *CARES Act* included a provision to provide debt relief for six months to existing and new SBA borrowers. We view this as a forceful but simple step to stabilize the existing portfolio and enabling SBA lenders to focus on making new loans. It is our view that borrowers need not complete any paperwork to receive this benefit. Do you agree? What are your plans for notifying lenders and borrowers about this provision and for implementing it quickly?

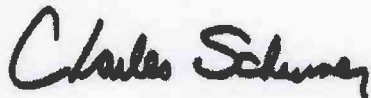
Emergency Economic Injury Grant

- The *CARES Act* included a requirement that a \$10,000 grant be awarded within 3 days of an application to the SBA's Economic Injury Disaster Loan program to help cover operating expenses while waiting for the loan processing. Are SBA staff prepared to fulfill this requirement?

By no means is this list comprehensive of the many issues that must be considered in implementation of the SBA's programs included in the *CARES Act*. We hope that you will closely consider each of these topics and others that we will engage with you on in the days, weeks, and months ahead to ensure SBA is implementing the programs according to Congressional intent and in such a way that can best serve the nation's small businesses and nonprofits.

We once again thank you for your tremendous efforts in response to this national emergency and look forward to continued partnership.

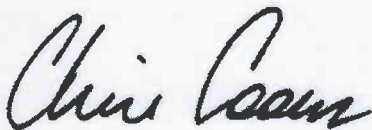
Sincerely,



Charles E. Schumer
United States Senator



Ben Cardin
United States Senator



Christopher A. Coons
United States Senator



Bernard Sanders
United States Senator

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2501 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:

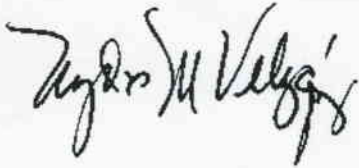
1. We are hearing that many banks and the SBA are unresponsive to applicant questions. What are your agencies doing to ensure each applicant gets the assistance they need to be properly processed and not turned away?
2. Many small firms cannot get basic questions answered. There are reports that individuals 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 written in a cursive style with a large, stylized initial "N".

Nydia M. Velazquez
Chairwoman
House Small Business Committee

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U.S. House of Representatives
Committee on Small Business
2561 Rayburn House Office Building
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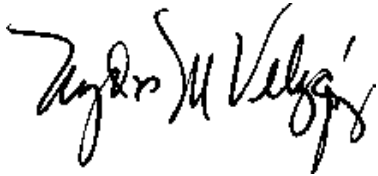
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3. What is SBA doing to provide more interfacing between the SBA systems and Lender systems?
4. Lenders are reporting that they can't fully process loans for disbursement because the Etran system is crashing on a regular basis. What steps are being 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

United States Senate

WASHINGTON, DC 20510

April 9, 2020

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd Street SW
Washington, D.C. 20416

Dear Administrator Carranza:

We write today to urge the Small Business Administration (SBA) to act quickly and provide clear and consistent guidance regarding its interpretation and implementation of Economic Injury Disaster Loans (EIDLs) associated with the COVID-19 crisis and the new Emergency Economic Injury Grants (EEIGs). Small businesses across the country are counting on this federally-mandated relief, and it is imperative that the SBA ensure they receive it efficiently and effectively.

The COVID-19 pandemic and related mitigation efforts have crippled small businesses, causing mass layoffs and closures nationwide. Small businesses are the backbone of the U.S. economy, and Congress acted in overwhelmingly bipartisan fashion to pass the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Among other things, the CARES Act created EEIGs to provide an emergency advance to small businesses and private non-profits, among other entities, harmed by COVID-19 within three days of the entity applying for an SBA EIDL. The EIDL and associated EEIG provide necessary relief to these businesses and organizations during this unprecedented time.

At the time, however, small businesses across the country are reporting that, although they are eligible and have applied for an EIDL and then requested the EEIG, they are not receiving the advance. Businesses are receiving conflicting guidance on the expected timing for receiving these critical funds, and many businesses cannot afford to wait as they try to keep their employees on payroll and pay their rent. In addition, it is our understanding that the SBA is now stating that small businesses who applied for an EIDL prior to March 27, 2020, when President Trump signed the CARES Act into law, must reapply in order to receive it and the EEIG. There is further confusion regarding the amount a small business is able to receive if they apply for an EEIG.

Small businesses across the country must be confident they can rely on the United States government to provide them with the timely relief promised by Congress during this pandemic. To that end, please answer the following questions by April 16, 2020:

1. Do small businesses that applied for an EIDL prior to the date the CARES Act was signed into law have to reapply in order to receive it and the related EEIG?

- a. If yes, please describe the steps that SBA is taking to notify all necessary applicants.
2. What is the time frame during which eligible applicants can expect to receive an EEIG and EIDL?
 - a. Will SBA notify all applicants that are not awarded funding, and how will that notification occur?
3. In the CARES Act, Congress included EEIGs to provide an emergency advance of up to \$10,000 to small businesses and private non-profits harmed by COVID-19 within three days of applying for an EIDL. Can you confirm that eligible applicants may still receive up to \$10,000 in EEIGs?
 - a. Is the SBA allocating these grants on a per-employee basis or is it otherwise distinguishing between businesses with greater or fewer employees?
 - b. What other criteria is the SBA applying in its calculation?
4. Does the SBA require additional action or resources from Congress to be able to fully execute the provisions of the CARES Act?
 - a. If yes, please describe the SBA's needs.

We appreciate the SBA's diligent work during this unprecedented time and understand that implementing new programs is an enormous endeavor. However, small businesses and their employees around the country are relying on these funds to stay afloat. They need accurate and consistent information so that they can make the best-informed decisions for their businesses during this difficult time.

Sincerely,



Ron Wyden
United States Senator

/s/ Chris Van Hollen

Chris Van Hollen
United States Senator



Tammy Duckworth
United States Senator



Mazie K. Hirono
United States Senator



Bernard Sanders
United States Senator



Christopher S. Murphy
United States Senator



Dianne Feinstein
United States Senator

/s/ Jack Reed

Jack Reed
United States Senator



Catherine Cortez Masto
United States Senator



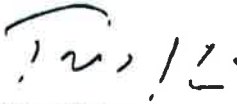
Tina Smith
United States Senator



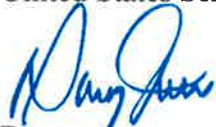
Jacky Rosen
United States Senator



Brian Schatz
United States Senator



Tim Kaine
United States Senator



Doug Jones
United States Senator



Sheldon Whitehouse
United States Senator



Edward J. Markey
United States Senator



Jeffrey A. Merkley
United States Senator



Tammy Baldwin
United States Senator



Amy Klobuchar
United States Senator