NATIONAL ASSOCIATION FOR LATINO COMMUNITY ASSET BUILDERS

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NALCAB Contact:
Sharon Garcia, Senior Communications Manager: 210.422.8894; sgarcia@nalcab.org

Coalition of Community Development, Civil Rights and Small Business Organizations Calls on Congress to Ensure Underserved Small Businesses and Non-profits Benefit from the CARES Act

The CARES Act Paycheck Protection Program (PPP) makes available approximately $350 billion through the Small Business Administration's (SBA) 7(a) loan program structure for eligible lenders to make loans to businesses to support payroll and certain limited operating costs for an 8-week period beginning on the date of origination of the loan. The intent of Congress is expressed in the text of the CARES Act as follows.

> *It is the sense of the Senate that the Administrator should issue guidance to lenders and agents to ensure that the processing and disbursement of covered loans prioritizes small business concerns and entities in underserved and rural markets, including veterans and members of the military community, small business concerns owned and controlled by socially and economically disadvantaged individuals, women, and businesses in operation for less than two years.*

The current program structure for the Paycheck Protection Program established by the Treasury Department and SBA makes it very difficult for underserved small businesses and non-profits to get rapid and equitable access to these resources and, if the program is oversubscribed, underserved businesses and non-profits will be left out. It would be a travesty.

The undersigned coalition members call for Congress to direct the Treasury Department and the SBA to take the immediate actions to improve access to the PPP for underserved businesses, consistent with the clearly stated intent of the legislation.

1. The Treasury Department and the SBA should set aside 5% of the Paycheck Protection Program appropriation for underserved small businesses and nonprofits to be deployed by CDFIs lenders that have a track record of effectively serving these populations. A set aside deployed through CDFIs is the only way to ensure, in the rush to access funding, that underserved small businesses and nonprofits will not be left out of this program.

2. The SBA should provide "Delegated Authority" to additional lenders that have a track record of opening access to capital for underserved small businesses and nonprofits. This can be best accomplished by automatically providing "Delegated Authority" to any CDFI that applies by virtue of the fact that they have already obtained a relevant certification from the Treasury Department.

3. The SBA or the Treasury Department should directly provide liquidity to eligible lenders that have a track record of opening access to capital for underserved small businesses and nonprofits, specifically for the purpose of deploying the PPP product. SBA should begin by providing these authorized providers of the PPP product with sufficient cash up front to cover 15 days of anticipated deployment to be held in a segregated account. SBA should then provide cash based

on documentation of actual deployment taking into account when a provider is rapidly scaling their operation. This will eliminate the need for time consuming and expensive secondary market transactions and allow the SBA time to process payments without creating a cash payment bottleneck. Providers of the PPP product would return any repayments they recover from borrowers to SBA on a quarterly basis.

4. The SBA should change the regulation to allow businesses to include in their applications amounts to pay 1099 contractors that primarily rely on that business for their income, as determined by the business owner and documented through an attestation.

5. The SBA should set a minimum fee of $2,500 per PPP loan to eliminate the current disincentive in the lender fee structure for processing small loans below $50,000, which are more likely to be made to underserved microbusinesses, who may in fact cost more to serve because they are likely to require more assistance from the lender.

Congress should extend the deadline by which applications for the PPP product can be processed until at least September 30, 2020. Underserved businesses and nonprofits may need more time to connect with a lender to access the PPP because the initial roll out of the program did not provide equitable access to these critical emergency relief funds.

On behalf of the communities and organizations we serve,

National Organizations
Opportunity Finance Network
NALCAB – National Association for Latino Community Asset Builders
American Business Immigration Coalition
UnidosUS
National Urban League
National CAPACD
National Alliance of Community Economic Development Associations (NACEDA)
Inclusiv
Prosperity Now
Self Help Federal Credit Union

Regional, State and Local Organizations
Chicanos Por La Causa & Prestamos CDFI (AZ, NV, NM, TX)
Latino Economic Development Center (DC, MD, VA)
Hispanic Economic Development Center (MO, KS)
Community Reinvestment Alliance of South Florida (FL)
Azteca Economic Development and Preservation Corporation (TX)
California Association for Microenterprise Opportunity - CAMEO (CA)
New Economic for Women (CA)
Mission Economic Development Agency (MEDA) (CA)
CDC Small Business Finance (CA)
Bankers Small Business CDC of California (CA)
FINANTA (PA)
Hispanic Interest Coalition of Alabama (AL)
Latino Community Credit Union (NC)
The Resurrection Project (IL)
Tierra del Sol Housing Corporation (NM)

About NALCAB

NALCAB - the National Association for Latino Community Asset Builders - is the hub of a national network of more than 120 mission-driven organizations in 40 states, DC and Puerto Rico that that serve ethnically diverse Latino communities across the US. Members of the NALCAB Network invest in their communities by building affordable housing, addressing gentrification, supporting small business growth, and providing financial counseling on issues such as credit building and home ownership. Our mission is to strengthen the economy by advancing economic mobility in Latino communities. NALCAB's work advances economic mobility for low and moderate-income people.