



## May 21, 2020

Donald J. Trump  
President of the United States of America  
The White House  
1600 Pennsylvania Avenue NW.  
Washington, DC 20500

Senator Marco Rubio  
Chairman, Senate Small Business Committee  
284 Russell Bldg.  
Washington, DC 20510-0903

Steven Mnuchin  
Secretary of the Treasury  
Department of Treasury  
1500 Pennsylvania Ave. NW  
Washington, DC 20220

Senator Ben Cardin  
Ranking Member, Senate Small Business Committee  
509 Hart Bldg.  
Washington, DC 20510-2002

Congresswoman Nydia Velazquez  
Chairwoman, House Small Business Committee  
2302 Rayburn Bldg.  
Washington, DC 20515-3212

Congressman Steve Chabot  
Ranking Member, House Small Business Committee  
2408 Rayburn Bldg.  
Washington, DC 20515-3501

## Re: Making the Paycheck Protection Program Work for Underserved Small Businesses

Dear President Trump, Secretary Mnuchin and Honorable Members of Congress:

The implementation of the Paycheck Protection Program (PPP), so far, has left out the significant majority of underserved small business owners and sole proprietors – including those owned and controlled by socially and economically disadvantaged individuals, women, the underbanked, and those with limited English proficiency. This urgent problem has been raised by advocates from the earliest days of program implementation and has been overwhelming substantiated in independent analyses and media reports. On May 8, the Inspector General for the Small Business Administration released a report that further reinforced this conclusion, finding that the SBA's formal guidance in the form of Interim Final Rules and FAQs did not fully align with the CARES Act with respect to prioritizing underserved markets.

While it is deeply troubling that the Paycheck Protection Program was implemented in a manner that served the largest and most resourced businesses first, there is still a chance to make good on the intent of the law – to provide desperately needed emergency financial assistance to underserved small business owners and sole proprietors.

The undersigned organizations call on the Trump Administration and the Congress to work together and take the following steps to ensure access to the Paycheck Protection Program for underserved businesses and sole proprietors.

- **Set aside \$10 billion for use ONLY by Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs), to make this funding available to underserved businesses.** CDFIs are financial institutions, both depository and non-depository, that are certified by the US Treasury Department for their expertise in lending to underserved businesses and consumers. MDIs are banks and credit unions that are majority-owned and controlled by underserved minorities. These financial institutions are the best channels for deploying PPP loans to underserved small business owners that make up the large majority of eligible borrowers that have not yet accessed the PPP.

Loans made to date by CDFIs and MDIs should not be counted against the newly established set aside. Hundreds of millions of dollars were inappropriately lent to publicly traded companies in the first round of PPP. All of these loans should be returned and included in this set aside for underserved businesses.

- **Extend the deadline for processing PPP loans until December 31, 2020.** Processing a large volume of very small loans to the eligible borrowers that remain will require more time and it is imperative that the current June 30 sunset date for processing PPP loans be extended.
- **For the purposes of granting forgiveness of PPP loans, extend the period during which eligible expenses can be incurred from 8 weeks to 24 weeks and provide blanket forgiveness with safe harbor treatment for any loan under \$25,000 based on a certification from the business owner.** It has become clear in the implementation of the PPP thus far that businesses need the flexibility of more time in which to expend the PPP loan. The timeline of the impact of this crisis has been different in different parts of the country and diverse business models have distinct cashflow needs. It is also clear that achieving loan forgiveness will be more difficult and complex than obtaining the loan in the first place. The smallest PPP loans are being provided to microbusinesses and sole proprietors that have the least capacity and resources to engage in a complex process with their financial institution and the SBA and should not be saddled with debt or ongoing audit risk as a result of participating in the PPP program.
- **Resources must be made available to address the higher cost of reaching and serving underserved borrowers, either in the form of a minimum fee of \$2,500 or a separate entrepreneurial assistance grant for PPP loans under \$50,000.** The large majority of the eligible borrowers that have not yet accessed the PPP do not have a “preferred” banking relationship or lawyers and accountants to assist them in understanding the program. The time and resources needed to reach out to underserved business and support them through the application and loan forgiveness process will be significantly greater than for larger businesses. To expand their reach, many CDFI and MDI lenders are engaging non-profit “agents” that have experience working with underserved borrowers, and particularly those that provide culturally and linguistically relevant services to business owners of color.
- **Allow the amounts paid by a business to 1099 contractors to be included, like payroll, in the calculation for determining the PPP loan and the provisions for forgiveness, at the discretion of the business owner.** Many of the smallest businesses do not have employees on payroll, but rather engage workers as 1099 contractors. PPP resources will reach many more vulnerable, low income workers if they can be included in the PPP application of a business, in the same manner as a payroll employee.

- **Allow the Treasury Department to utilize any funds appropriated for PPP that are unexpended after the program sunsets, including dollars returned to the Treasury, to be made available to the Treasury Department's CDFI Fund to support lending to underserved and minority businesses.** To the extent that any funding appropriated for PPP is not deployed as emergency financial assistance, these dollars should be used to support underserved and minority small businesses in the economic recovery. This can best be achieved by making the funding available through the US Treasury's CDFI Fund.

Respectfully submitted,

### **National Organizations**

NALCAB – National Association for Latino Community Asset Builders  
 Opportunity Finance Network  
 CDFI Coalition  
 The Leadership Conference on Civil and Human Rights  
 American Business Immigration Coalition  
 National Partnership for New Americans  
 UnidosUS  
 National Urban League  
 Prosperity Now  
 The Greenlining Institute  
 National CAPACD -National Coalition for Asian Pacific American Community Development  
 National Alliance of Community Economic Development Associations (NACEDA)  
 National Cooperative Bank  
 Center for Community Self Help  
 Inclusiv  
 Community Development Venture Capital Alliance  
 National Community Investment Fund (NCIF)  
 Primary Care Development Corporation  
 Center for Responsible Lending

### **Regional, State and Local Organizations**

Azteca Economic Development and Preservation Corporation (TX)  
 California Association for Microenterprise Opportunity - CAMEO (CA)  
 California Reinvestment Coalition (CA)  
 CASA (MD, PA, VA)  
 cdcb|come dream. come build. (TX)  
 CDC Small Business Finance & Bankers Small Business CDC of California (CA)  
 Chicanos Por La Causa & Préstamos CDFI (AZ, NV, NM, TX)  
 Community Resources & Housing Development Corporation and Colorado Housing Enterprises (CO)  
 Hispanic Economic Development Center (MO)  
 Hispanic Interest Coalition of Alabama (AL)  
 Inquilinos Boricuas en Acción (IBA) (MA)  
 FINANTA (PA)  
 Latino Community Credit Union (NC)  
 Latino Economic Development Center (DC, MD, VA)  
 LiftFund (TX, AL, AR, GA, FL, KY, MS, MO, NM, LA, OK, SC, TN)  
 Mi Casa, Inc. (DC)  
 Mission Economic Development Agency (MEDA) (CA)  
 Natural Capital Investment Fund (WV)

New Economic for Women and New Capital, LLC (CA)  
Opportunity Fund (CA)  
Pacific Asian Consortium in Employment (CA)  
Pathway Lending (TN)  
The Resurrection Project (IL)  
River City Federal Credit Union (TX)  
Rural Community Assistance Corporation (CA, NV, AZ, NM, CO, UT, NE, ID, OR, WA, AK, HI)  
Tierra del Sol Housing Development Corporation (NM)