

Congress of the United States
Washington, DC 20515

April 20, 2020

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

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

Dear Secretary Mnuchin and Administrator Carranza:

As we continue to urge House and Senate Leadership to reach a bipartisan deal to deliver additional funding for the Paycheck Protection Program (PPP), we are writing to express our concern regarding the ability of community-based financial institutions to access the program in the first place. We have been hearing concerns directly from small community banks, credit unions, and community development financial institutions (CDFIs) in our districts that these financial institutions may have been getting shut out of the PPP altogether.

Community banks, credit unions, and CDFIs are the backbone of support for small businesses and farmers, and they are integral to the livelihoods of neighborhoods and communities across the country, particularly in rural communities. According to the Independent Community Bankers of America (ICBA), community banks alone provide more than 60 percent of small business loans.

These community-based financial institutions have not only faced confusion on loan and participation requirements, but many were not able to access to the E-Tran and Lender Gateway Systems. If these smaller institutions are not able to help their communities, we fear the PPP will fail to achieve the goal of keeping small businesses afloat, and instead, leave small businesses and farmers in rural and underserved communities without access to necessary capital to survive. This is everyone's worst nightmare about government—it doesn't work when you need it the most.

The new round of PPP funding will present an opportunity for the administration to improve the program. In order to deliver quicker results to support community banks, credit unions, and CDFIs, we propose the following actions once the funding is replenished:

1. The Small Business Administration (SBA) must provide clear and concise instructions to institutions on how they can access SBA loan programs. This is especially necessary for new SBA lenders who have had trouble accessing the system to process the loans they already have available. Due to technical difficulties and lack of clear instructions, small community-based lenders have been locked out of the PPP system altogether or find themselves spending precious time navigating the technological problems. SBA should provide a user manual for the PPP's

platform, and they should immediately fix the technical issues and invest in reliable technology going forward.

2. The U.S. Department of the Treasury and SBA must ensure community banks, credit unions, and CDFIs have equal opportunity to issue PPP loans. Many small businesses and farmers rely on these financial institutions for their banking needs, especially in rural and underserved areas. Treasury and SBA should ensure PPP access for community banks, credit unions, and CDFIs, including by establishing a set-aside for institutions under \$50 billion in assets, to enable all small businesses an opportunity to access this important program provided by Congress.
3. In addition to the Federal Reserve's creation of a program to backstop small business loans, the Fed should also provide advances against PPP loans. This will help to ensure that financial institutions making PPP loans maintain their liquidity and are able to make more loans.

We respectfully ask that, once Congress replenishes PPP funding, you address the needs of community-based financial institutions as soon as possible. Should the executive branch need additional funds or authorization to take any of these steps, Congress should stand ready to assist. Small business owners are counting on the federal government to get this right.

Sincerely,



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Co-Chair, Task Force on Rural Opportunity
Blue Dog Coalition



REP. XOCHITL TORRES SMALL (NM-02)
Co-Chair, Task Force on Rural Opportunity
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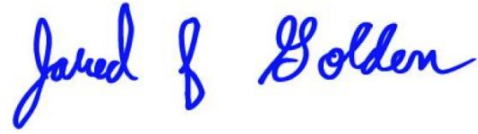
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Blue Dog Coalition



REP. KURT SCHRADER (OR-05)
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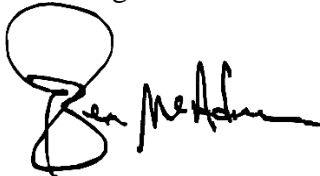
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REP. JIM COOPER (TN-05)
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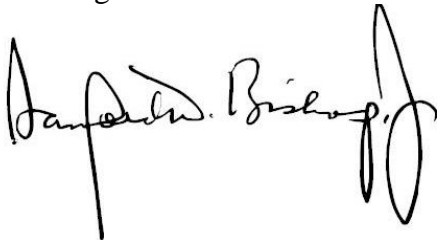
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