

United States Senate

July 20, 2020

The Honorable Steven T. Mnuchin
Secretary
United States Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

The Honorable Jovita Carranza
Administrator
Small Business Administration
409 Third Street, S.W., Suite 7900
Washington, D.C. 20416

Dear Secretary Mnuchin and Administrator Carranza,

We write to you today to urge you to immediately issue updated guidance clarifying that small businesses and non-profits who previously returned their Paycheck Protection Program (PPP) loans are allowed to reapply now that Congress made updates to the program through the Paycheck Protection Flexibility Act (P.L. 116-142).

PPP loans were awarded to many well-deserving borrowers who decided to return or reject the funds or accept a smaller loan amount for fear that they could not meet the program's previous forgiveness requirements. Modifications to the program under the Paycheck Protection Program Flexibility Act provide an opportunity for these small business owners to reapply for loans with more favorable forgiveness terms than under the original program. According to reports, companies that returned PPP loans can reapply for a loan as long as they do not have an active *E-Trans* loan number.¹ However, there is still confusion among small business owners and lenders regarding application guidelines and whether or not a business has the ability to reapply.

The Paycheck Protection Program was meant to serve as a lifeline to small business owners so that they could cover employee salaries and certain fixed costs. However, if businesses and lenders are not provided clarity from your agencies regarding their ability to reapply or request a loan increase, the modified program will not reach many small businesses and non-profit organizations that are still in urgent need of assistance.

This is especially troubling considering the large number of small businesses still facing hardship due to the pandemic, the resulting high unemployment rate, and the over \$130 billion in unused PPP funds still awaiting disbursement.² Congress authorized the PPP for good reason, and we expect those administering the program to encourage its use.

¹ Primack, D. (2020). Paycheck Protection Program borrowers get more flexibility. Axios. Retrieved 2020, from <https://www.axios.com/paycheck-protection-program-forgiveness-guidance-30b7038b-f33f-416a-8b0c-2506cee26f09.html>

² O'Connell, J., Werner, E., & Gregg, A. (2020). Senate reaches deal to extend Paycheck Protection Program hours before it was set to expire. Washington Post. Retrieved 2020, from <https://www.washingtonpost.com/business/2020/06/30/paycheck-protection-program/>

As we continue to navigate this difficult time for our nation, we must stay united in our resolve to combat this virus and the economic crisis it has created. The federal government must equip small business owners and PPP lenders with the knowledge and reassurance needed to effectively utilize the modified program as intended by Congress.

Sincerely,



Chris Van Hollen
United States Senator



M. Michael Rounds
United States Senator