

June 3, 2020

The Honorable Steven Mnuchin
Secretary
U.S. Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

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

RE: Joint Letter to U.S. Treasury and SBA requesting PPP streamlined loan forgiveness process for small loans

Dear Secretary Mnuchin and Administrator Carranza:

The undersigned organizations representing Maryland small businesses and banks write on behalf of our respective members to request that the U. S. Treasury and the Small Business Administration (SBA) create a streamlined forgiveness process for smaller PPP borrowers. We greatly appreciate your consideration of questions and concerns raised by small businesses, lenders and policymakers as the Paycheck Protection Program ("PPP") has evolved and respectfully request that you consider an important change now that the program has moved to the forgiveness process.

The PPP has been a rapidly evolving and challenging process for everyone including Treasury, the Small Business Administration, small businesses and lenders. This resulting program is a lifeline to Maryland small businesses whose operations and finances have been upended by the COVID-19 pandemic. Thank you for your leadership and support of this vital lending program. Maryland lenders and businesses have been working together on the PPP and are collaboratively seeking ways to make this program stronger, more workable, and ultimately more effective.

In light of the complex process outlined in the loan forgiveness application and guidance released recently we believe establishing a streamlined PPP loan forgiveness process is a necessary and reasonable approach. Based on feedback from our various members, the time-consuming 11 page loan forgiveness application form, as well as the very limited fashion in which lenders are permitted to work with their borrowers, necessitate this request. We urge Treasury/SBA to adopt a "Form EZ" for borrowers with PPP loan amounts under a certain level. We urge a de minimis level be set somewhere between \$150,000 and \$350,000 as contemplated in various congressional proposals, e.g. a threshold of \$150,000 would encompass 80% of borrowers and \$350,000 would encompass 90% of borrowers. This de minimis level, EZ form and streamlined process would continue to include legal attestation as to the disposition of loan funds, similar to filing a tax return. Borrowers would keep records in case someone needed to verify them at a later date.

The small businesses with PPP loans of the de minimis level or less that we seek to assist through an EZ forgiveness form do not typically have a robust accounting, legal and payroll infrastructure supporting them through the process. These businesses include a myriad of Maryland small businesses struggling to

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keep their employees working and their businesses afloat. These same businesses represent the critical backbone of Maryland's small business economy.

The forgiveness process currently in place is most workable for larger, more sophisticated borrowers; however, for the smallest businesses, it creates a real hardship and barrier to PPP funds and benefits. PPP loans to small businesses at or below a de minimis level should be deemed forgiven so long as the business certifies that the funds were used in accordance with the CARES Act and that related documents will be maintained for a stated period of time under which they are subject to a possible, random audit by the SBA. This approach would be consistent with the purpose and public policy behind the CARES Act. It would enable small businesses and Maryland banks serving them to finalize the PPP loan forgiveness in a timely, more streamlined way so that they may focus their efforts on reopening and moving the economy forward in such a crucial time during this crisis.

While we are also asking our Representatives and Senators to consider this issue legislatively, and we fully understand that it is within your regulatory authority to make this change to help Maryland's smallest small businesses as well as those across the Country. We ask that you consider this request for simplification of the forgiveness process for businesses borrowing specific amounts. The forgiveness of these loans is critical and consistent with the CARES Act.

Thank you for your consideration. We are pleased to be a resource should you have any questions.

American Council of Engineering Companies/Maryland
Maryland Association of Chain Drug stores
Maryland Association of CPAs, Inc.
Maryland Bankers Association
Maryland Building Industry Association
Maryland Chamber of Commerce
Maryland Motor Truck Association
Maryland REALTORS®
Maryland Retailers Association
Maryland Society of Accounting and Tax Professionals
Maryland State Bar Association
Mid-Atlantic Petroleum Distributors Association
NAIOP Maryland Chapters – *The Association for Commercial Real Estate*
The Maryland Food Industry Council
Tri State Jewelers Association
WMDA/CAR - Washington, Maryland, Delaware Service Station and Auto Repair Association

cc: Maryland Congressional Delegation