

# Congress of the United States

U.S. House of Representatives

Committee on Small Business

2361 Rayburn House Office Building

Washington, DC 20515-6515

March 31, 2021

The Honorable Isabella Casillas Guzman  
Administrator  
United States Small Business Administration  
409 3<sup>rd</sup> Street, SW  
Washington, DC 20416

Dear Administrator Guzman:

As shutdown measures were enforced around the country to protect against COVID-19, small businesses were directly impacted. With limited options available to them, millions turned to the Paycheck Protection Program (PPP) as a way to survive and keep their employees on payroll. It provided a capital access resource during an emergency period and was also a source of confidence for many of America's smallest firms. The Small Business Administration (SBA), the Department of the Treasury, and their lending partners worked overtime to deliver this Congressionally enacted emergency resource and I commend everyone for their efforts.

Importantly, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)<sup>1</sup> also created an avenue for a PPP loan to be forgiven if the dollars were used on certain eligible expenses. This path towards forgiveness would assist small businesses that experienced the pains of COVID-19 through no fault of their own. Not only did the CARES Act create a mechanism for the loans to be removed from a small business' books, but it also required it to be completed in a timely fashion. This quick-moving timeline would provide small businesses upfront information on what they can expect during these times of uncertainty. Per the CARES Act, a lender would be required to make a decision on forgiveness in 60 days<sup>2</sup> and the SBA should remit forgiveness on the determined amount within 90 days of a decision being made.<sup>3</sup>

The statutorily required 60-days and 90-days were key provisions to establish lender and small business confidence in the PPP. Due to historically operating on thin margins, knowing the time parameters of this federal program would allow small businesses to make critically important business decisions as they look towards recovery. Furthermore, lenders eagerly participated in

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<sup>1</sup> Pub. L. No. 116-136, 134 stat. 281 (2020).

<sup>2</sup> *Id.* at § 1106(g).

<sup>3</sup> *Id.* at (c)(3).

PPP believing these loans would be cleared from their balance sheets once the SBA processed the forgiveness documents in a timely fashion.

After approximately one-year of PPP being in operation, many small businesses that received a PPP have had their covered period conclude and are now moving through the forgiveness process. Due to the importance of PPP forgiveness and the time markers associated with it, I am requesting that you provide me with detailed answers to the following questions by April 10, 2021:

- Currently, how many PPP forgiveness applications does the SBA have in its possession that have surpassed the 90-day period?
- Does the SBA contact the lender or the small business if they can't meet the 90-days? What, if any, additional communication does the SBA have with the lender or small business regarding forgiveness?
- What are the current procedures at the SBA once a forgiveness application exceeds 90-days?
- On average, how many days does it take the SBA to remit forgiveness funds after it receives a PPP forgiveness application from a lender?
- During a Congressional hearing in the Senate on March 24, 2021, the SBA testified that there are approximately 190,000 outstanding forgiveness applications with an error code. Please provide the top three reasons why a forgiveness application has an error code.
- On average, how many days does it take for a forgiveness application that has an error code to be cleared?

I look forward to your prompt response to these matters, and your continued cooperation with Congress in conducting critical and necessary oversight of the PPP and additional SBA programs. If you have any questions about this request or the questions above, please contact David Planning, Minority Staff Director at (202) 225-5821. Thank you for your attention to this important matter.

Sincerely,



Blaine Luetkemeyer  
Ranking Member