



January 20, 2021

Mr. John Miller  
Acting Associate Administrator  
Office of Capital Access  
Small Business Administration  
Washington DC

Dear Mr. Miller,

I would like to congratulate you on your position leading the Office of Capital Access at this pivotal moment in our country. By all accounts, we are fortunate to have your leadership and we look forward to working closely with you in the coming weeks as you take on the oversight of the critical Paycheck Protection Program. I write this letter today to introduce myself and organization and to share a few highlights of challenges and opportunities from small community lenders with suggestions on how to help these lenders to address the substantial need for PPP loans in their communities.

Inclusiv is a national network representing 340 community development credit unions and financial cooperatives –most of them, CDFI certified, low income designated and/or MDIs— serving 12 million people in the low-income communities and communities of color that have been most severely impacted by the recent public health and economic crises. At Inclusiv, we believe financial inclusion is a fundamental right. We raise and channel capital, provide technical assistance and training to credit unions filling capital gaps and building the financial know-how and strength of consumers, homeowners and small businesses; thus transforming local progress to national change.

Inclusiv has been a tireless advocate and resource for our network members participating in the SBA's Paycheck Protection Program, lifting up the voices to point out challenges and propose program improvements. We supported more than 100 community development credit unions to originate \$1.75 billion in PPP loans in 2020, with an average loan size of less than \$60,000.

Overall, despite the many challenges with the PPP program over the prior year and during the past week, our members have repeatedly noted the dedicated and committed personnel at the SBA. The strain on the program are a result of insufficient resources to manage such an undertaking. But the individual SBA staff members have often gone above and beyond.

In that spirit, we offer the following feedback from our first week:

**Program Rollout**

- The early rollout through CDFIs while they were still finishing building the program was a challenge. Initial time was lost making sure the application and supplemental documents were adequately built on websites, staff trained and borrowers prepared with new rules and processes. SBA officials have been doing their best but their resources were clearly strained.



- CDFI borrowers often need more time and support to pull the full documentation together so the lack of rules ahead of time slowed the ability to get these businesses ready with full applications. Many of our lenders are dealing with large demand. **We would like to request an ongoing set-aside of time for CDFIs to have exclusive access to the portal.**
- There are problems of getting new institutions certified and enabled by SBA. These new lenders have a growing pipeline of applicants for this round. It has been very difficult for lenders to get attention to resolving this from SBA. They have been told to be patient and wait their turn in line, and they will be notified via email when the time comes to be enabled. **We recommend targeted resources to onboarding new CDFIs and other small community lenders.**

### **Program Operational Challenges**

- The overlap with the process of the forgiveness applications from the first round (and within tight required timeframe) has been problematic across the board eating up precious time among the commercial lending staff at credit unions and other small lenders. **We recommend extending the forgiveness process should have been a consideration when overlapping to PPP cycles and processes.**
- Requests for more documentation for the forgiveness of Round I are excessive and seem to focus on smaller loans. It is not only wasting time and resources for the lenders it is wasting resources for SBA at a time when more resources are needed for the current round. We have received reports of excessive documentation request on a forgiveness application on a loan as small as \$800. **We recommend saving precious resources on the forgiveness review and automatically approving small loans from the first round.**
- Communication and information on the EIDL was lacking in round one. Most of our borrowers did not understand that their advances would be deducted from the PPP loan amount. The confusion with the EIDL from the first draw and the failure to get full forgiveness borrowers believed they were entitled has affected confidence in the program from very small businesses.
- Refunding borrowers who paid off their EIDL loans (new legislation approved 12/27 EIDLs are also forgivable). Some borrowers have paid those balances in full. Process for getting funds from the SBA to get those refunds to the borrowers is unclear and communication has not been consistent. **We recommend a targeted EIDL reimbursement resource at SBA to help lenders and borrowers navigate these reimbursements as second draw applications are being developed.**

### **System challenges**

- The portal for submitting new PPP applications switched from E-tran to Forgiveness Portal. The Forgiveness portal overall is easier to navigate. With the new system all information must be entered. **Lenders recommend adjusting the system so that by entering the First Draw SBA Loan number it populated the Second Draw application.**
- There are no longer automatic approvals. In the first round they were approved as soon as applications were submitted on the system (ETRAN). Now that is submitted on the forgiveness website (created in the 3rd quarter 2020), it appears to be taking longer for approval (about 24-48hr from submission to approval.) There are concerns this will slow as the program opens up to bigger volume. We acknowledge the importance of additional verification steps that SBA has implemented but seek ongoing dialogue if turnaround times begin to slow significantly.
- The PPP loan application form does not contain the same information that is being requested by the submission portal.



- Example A: the form asks for year the business began but the portal asks for day/month/year which creates the need to follow up and retrieve that information. **This requires a lot of back and forth with E Tran, and if it were to automatically populate, this would be an easier process.**
- Example B: the application asks for the previous PPP loan number but the portal asks for the loan number and the amount so that has to be looked up or requires additional follow up with borrower. These seem like unnecessary delays when processing many applications. **This requires a lot of back and forth with E Tran, and if it were to automatically populate, this would be an easier process**

Thank you for taking the time to review this early feedback. As noted above, the SBA staff has been incredibly hardworking and committed throughout the implementation of PPP 1<sup>st</sup> and 2<sup>nd</sup> Draws. We look forward to an ongoing dialogue with you and your team as you take over this incredibly important work. If you have any questions, please contact me at [cmahon@inclusiv.org](mailto:cmahon@inclusiv.org) or Pablo DeFilippi, SVP of Membership and Network Engagement at [pablo@inclusiv.org](mailto:pablo@inclusiv.org).

Sincerely,

A handwritten signature in black ink that reads "Cathleen A. Mahon".

Cathleen A. Mahon  
President and CEO