



3138 10th Street North  
Arlington, VA 22201-2149  
703.522.4770 | 800.336.4644  
f: 703.524.1082  
nafcu@nafcu.org | nafcu.org

**National Association of Federally-Insured Credit Unions**

March 23, 2021

The Honorable Ben Cardin  
Chairman  
Committee on Small Business &  
Entrepreneurship  
United States Senate  
Washington, D.C. 20510

The Honorable Rand Paul  
Ranking Member  
Committee on Small Business &  
Entrepreneurship  
United States Senate  
Washington, D.C. 20510

**Re: Tomorrow's Hearing, "Oversight of SBA's COVID-19 Relief Programs"**

Dear Chairman Cardin and Ranking Member Paul:

I am writing on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) in conjunction with tomorrow's oversight hearing to examine the Small Business Administration's (SBA) COVID-19 relief programs. As you are aware, NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve 124 million consumers with personal and small business financial service products. We thank you for providing credit unions with important tools, such as the Paycheck Protection Program (PPP), to help their small business members during this pandemic. We would like to take this opportunity to share how credit unions have been able to help their communities through the PPP, as well as our recommendations to ensure maximum efficacy of the program in what we hope is the homestretch of this pandemic.

As we wrote to you last week in conjunction with the Committee's hearing on performance, impact, and next steps for the PPP, credit unions through the PPP have been able to extend desperately needed liquidity to small businesses that were not being helped or had been turned down by large institutions. We would like to reiterate our thanks to the Committee for working to ensure that credit unions were able to participate in this program and receive dedicated windows to process loan applications to ensure small businesses were not left out.

While we appreciate Congress acting at the end of last year to simplify the forgiveness process, we would also like to reiterate that the forgiveness process through SBA remains cumbersome and urge you to implore the SBA to streamline this process. We have heard from many of our members that the loan forgiveness process is still in need of administrative simplification and there has been inconsistency in the length of time SBA is taking to administer forgiveness.

Also, as we [wrote](#) to you earlier this month with a coalition of other financial services trade organizations, the thousands of loan holds by the SBA currently in the PPP system are problematic for lenders with the current March 31<sup>st</sup> program deadline. While we appreciate that the SBA has implemented a system of automated checks on all applications to minimize waste, fraud, and abuse of funds, this check slows the approval process and certain hold codes require SBA review to be resolved. We are concerned that many loans with a hold code or submitted near the deadline could remain outstanding when the authorization expires, locking out eligible small businesses. We are

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pleased to see that the bipartisan *PPP Extension Act of 2021* addresses this issue by creating an additional 30-day window to resolve issues beyond the new May 31<sup>st</sup> deadline in the Act.

Our credit unions report that while demand for PPP loans is lower than a year ago, there is still significant demand and small businesses are still very much in need of this emergency capital. Stopping and re-starting the program would result in inefficiencies and administrative headaches that would increase costs for credit unions to administer the program, as well as create unnecessary challenges for small business borrowers. Should the Senate choose to act and pass the *PPP Extension Act of 2021* and extend the program, we urge you to do so in a timely fashion before the March 31<sup>st</sup> expiration.

Finally, we believe that Congress should consider legislation to exclude credit union member business loans made in response to COVID-19 relief from the credit union member business lending (MBL) cap, such as H.R. 1471, the *Access to Credit for Small Businesses Impacted by the COVID-19 Crisis Act of 2021*, introduced earlier this month in the House by Representatives Brad Sherman (D-CA) and Brian Fitzpatrick (R-PA). Similar legislation was also introduced in the Senate last session by Senator Ron Wyden as S. 3676. Additionally, National Credit Union Administration (NCUA) Board Chairman Todd Harper and Board Member Rodney Hood have voiced their support for MBL cap relief as a step to make it easier for credit unions to do more to help small businesses in light of the pandemic. We urge adoption of this commonsense proposal to extend longer term liquidity to small businesses without costing the taxpayer.

We thank you for the opportunity to reiterate our perspective on the important work the SBA has been doing in advance of this hearing. Should you have any questions or require any additional information, please contact me or Lewis Plush, NAFCU's Associate Director of Legislative Affairs, at [lplush@nafcu.org](mailto:lplush@nafcu.org).

Sincerely,



Brad Thaler  
Vice President of Legislative Affairs

cc: Members of the U.S. Senate Committee on Small Business & Entrepreneurship