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April 3, 2020

COMMITTEES:

COMMITTEE ON FINANCE
COMMITTEE ON BUDGET
COMMITTEE ON ENERGY & NATURAL RESOURCES
SELECT COMMITTEE ON INTELLIGENCE
JOINT COMMITTEE ON TAXATION

The Honorable Steven T. Mnuchin
Secretary
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Mnuchin:

Thank you for taking the time to speak with me this morning about the Treasury Department's work to implement the recently-passed stimulus package. I write to further urge the Treasury Department to do everything in its power to reassure U.S. banks and lenders that they are adequately prepared to provide relief to America's small businesses during the COVID-19 pandemic. Small businesses are the backbone of the United States economy, and America's banks and lenders must be confident that the full faith and credit of the U.S. government is at their backs as they issue federally-mandated support during this unprecedented crisis.

Congress established the Payment Protection Program in the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide immediate relief to small businesses and other entities impacted by the COVID-19 pandemic and the economic uncertainty brought forth by the pandemic and related mitigation efforts. This emergency lending facility, administered by the Small Business Administration (SBA) and the U.S. Department of the Treasury, accounts for the vast majority of the small business assistance in the CARES Act. According to both the SBA and your agency, small businesses were eligible to apply for these loans beginning today, April 3, 2020.

I appreciate the Treasury Department's quick and diligent work on issuing guidance to lenders and businesses on this critical matter. At the time, however, it is my understanding that large and small banks and lenders in Oregon and across the country have stated they are not yet able to issue the loans needed to implement the Payment Protection Program due to uncertainties regarding the Paycheck Protection Program lending program and a lack of clarity from both SBA and the Treasury Department.

Chief among these concerns is the extent to which banks and lenders will be expected to vet businesses before approving loans and distributing funds, and the degree to which they will be held liable for any errors in the vetting process. Because Congress wrote the PPP to allow for expeditious execution, it relies on certifications by borrowers. Given Administration statements and guidance creating a verification process to be completed by the loan issuer, banks and lenders are concerned that they could be held liable for a borrower that obtained a loan by presenting misleading or inaccurate certification information. It is not difficult to imagine a scenario in which such fear could lead to substantial delays in issuance of critical loans, or even,

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outright rejection of smaller, lesser-known businesses. Already, reports indicate that large banks are rejecting potential loan applicants and redirecting them towards other banks and lenders with whom they might have a pre-existing relationship. For far too many of America's small businesses, this is simply not an option. I ask that you clarify the verification process for borrowers and reiterate that both the Treasury Department and the SBA guarantees 100% of the outstanding balance of these loans, and that guarantee is backed by the full faith and credit of the United States Government.

I recognize the challenge that the Treasury Department and the SBA face in implementing PPP, disbursing funds, and approving lenders at unprecedented rates. I stand ready to assist as appropriate and request, within one week, your response and plans to ensure that all small businesses in Oregon and across the country receive equal and timely access to the vitally important Paycheck Protection Program.

Sincerely,



Ron Wyden
United States Senator