



March 5, 2021

U.S. Small Business Administration
409 3rd St., SW
Washington, DC 20416

RE: Information Collection Available for Public Comment; Paycheck Protection Program

To Whom It May Concern,

The Ohio Credit Union League (OCUL) represents the collective interests of Ohio's 247 credit unions and their more than three million members. Of those 247 credit unions, 136 are federally-chartered; 65 state-chartered, federally-insured; and, 46 state-chartered, privately-insured.

OCUL appreciates the opportunity to comment on the Small Business Administration's (SBA) solicitation notice regarding the Loan Necessity Questionnaires (Forms 3509 and 3510) attached to the Paycheck Protection Program (PPP). As member-owned financial cooperatives, credit unions strive to put the interests of their members first in their decision-making. This relationship between credit unions and their members was put on full display in their efforts to support small businesses by swiftly processing PPP loans so that employees could remain on payroll.

When small businesses dealt with uncertainty and chaos during the early stages of the pandemic, the PPP provided a much-needed lifeline that allowed them to protect the jobs of their employees. Given the purpose of PPP, helping employees and restoring strength to the economy were at least as important to applicants as maintaining their bottom line. Without the PPP, it would have been economically rational for businesses to cut payroll first. Fortunately, many small businesses had other priorities and the tools to prevent them from having to make those hard decisions. That is why, when considering economic necessity, SBA should not just focus solely on the fact that some small businesses were able to maintain or increase their revenue levels throughout the pandemic. Instead, SBA should use the information that they collect to consider what the purpose of PPP was and is: to make sure employees did not lose their jobs as a result of global events (pandemic, recession, etc.) that were beyond their control.

Therefore, we caution SBA not to use a strict formula involving revenue levels of small businesses to determine whether they needed a PPP loan. Instead, we urge you to look at the larger picture and understand that, even if small businesses may not have been on the verge of financial ruin, they applied for and took out PPP loans to protect the livelihoods of their employees. If such loans are not forgiven due to an adverse assessment of a good faith applicant's questionnaire, we fear that small businesses and their lenders will be hesitant to rely on programs like PPP in the future. Credit unions and their members will ultimately bear the brunt of a retroactive modification of the program eligibility requirements and the economic recovery will suffer as a result.

Finally, we ask that SBA act expeditiously when reviewing PPP applicants' questionnaires. SBA is currently delaying forgiveness on a large number of loans under its audit protocols, and many businesses have had applications for forgiveness pending for months due to the questionnaire review. For small businesses to expand their enterprise, it is often necessary for them to take on liability to finance new projects and improvements. If SBA further delays processing of questionnaires, and thereby delays loan forgiveness, an unintended consequence may be that small businesses freeze their borrowing activity due to the uncertainty surrounding PPP loan forgiveness. This is an undesirable outcome not only for small businesses and their primary lending institutions, but for the economy as well, especially at a time when maintaining and increasing economic activity is of the utmost importance. While we appreciate the need for due diligence, the delays are undermining small business' confidence and ability to resume normal operations.



OCUL appreciates the opportunity to comment on the solicitation notice regarding the Loan Necessity Questionnaires. Although we appreciate the need to provide the information in the questionnaires, we urge you to examine the information provided in those questionnaires holistically, accounting for the original intent embedded in the PPP. If you have further questions or would like to discuss OCUL's comments in more detail, please feel free to contact us at (800) 486-2917.

Respectfully,

A handwritten signature in black ink, appearing to read "Paul L. Mercer".

Paul L. Mercer
President

A handwritten signature in black ink, appearing to read "Chris Noble".

Chris Noble
Regulatory Counsel