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October 21, 2020

The Honorable Benjamin Cardin  
Ranking Member  
Committee on Small Business  
United States Senate  
Washington, D.C. 20510

Dear Ranking Member Cardin:

On behalf of community banks across the country, with more than 52,000 locations, I write to thank you for your ongoing work to improve problematic aspects of the Paycheck Protection Program (PPP) and enact other measures to support small businesses and the economic recovery. The HEROES Small Business Lifeline Act (S. 4818) is a welcome effort which reflect certain community bank priorities. ICBA will continue to offer constructive feedback on your effort to reform and strengthen the PPP.

ICBA notes our support for the following provisions of your bill:

**Repeal EIDL Advance deduction for PPP borrowers.** ICBA strongly supports Section 601 of your bill which would repeal the requirement that SBA deduct the amount of any Economic Injury Disaster Loan Advance (EIDL Advance) from a borrower's PPP forgiveness amount. As a result of conflicting guidance from SBA, more than one million PPP borrowers are just now beginning to realize that their EIDL Advance grant converts to unexpected debt during the PPP loan forgiveness process. This is the worst possible time to increase the debt burden of small businesses as they struggle to meet payroll and other critical expenses. The EIDL Advance must remain a grant and not a loan.

**Additional eligible expenses.** Section 206 would expand allowable and forgivable expenditures for PPP funds. PPP borrowers have faced many new expenses since the program was launched in April, including costs related to transitioning to virtual environment, property damage from public disturbances, costs related to ensuring the safety of workers and customers, and other expenditures.

**Selection of covered loan period for forgiveness.** Section 201 would allow PPP borrowers more flexibility in selecting their covered period for forgiveness. This flexibility is necessary to maximize the potential of the Program.

*The Nation's Voice for Community Banks.®*

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**Simplified forgiveness for smaller loans.** In addition to our support for the above items, we wish to thank you for the inclusion of the section intended to simplify the burdensome forgiveness process for smaller PPP loans. There is bipartisan agreement that the current forgiveness process remains overly complex and must be streamlined. While ICBA has consistently supported the approach taken in the Paycheck Protection Small Business Forgiveness Act (S. 4117), we appreciate your work to address this critical issue. ICBA continues to urge Congress to provide additional relief from complexity for smaller borrowers so that they may remain focused on the challenge of adapting their businesses to a new environment and protecting the safety of their employees and customers.

Thank you again for putting forward these important reforms to the PPP. We believe they will help the Program reach its full potential for the benefit of borrowers and employees. We look forward to working with you to advance these proposals into law as soon as possible.

Sincerely,

/s/

Rebeca Romero Rainey  
President & CEO

CC: Senate Small Business Committee Chairman Marco Rubio