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November 18, 2020

The Honorable Marsha Blackburn
United States Senate
Washington, D.C. 20510

Dear Senator Blackburn:

On behalf of community banks across the country, with more than 52,000 locations, I write to thank you for introducing the EIDL Advance Protection Act (S. 4885), which would restore forgiveness for Economic Injury Disaster Loan Advance (EIDL Advance) grant recipients who also have a Paycheck Protection Program (PPP) loan.

The CARES Act created two new but separate Small Business Administration (SBA) programs to assist small businesses impacted by the Coronavirus pandemic, the PPP and the EIDL Advance grant. A PPP loan, which is made by a bank, may be forgiven in whole or in part, depending on how the funds are spent and the fulfillment of other conditions. The EIDL Advance, which is administered directly by the SBA, is a cash grant of up to \$10,000. Faced with historically adverse economic conditions, many businesses applied for both an EIDL Advance and a PPP loan, relying on SBA guidance issued in April that indicated that the advances would be treated as grants for all recipients, regardless of whether they also had a PPP loan. Later, the SBA updated its guidance to provide that the forgiven amount of PPP loans must be reduced by the amount of a borrower's EIDL Advance, effectively transforming a significant portion of a grant into a loan, or wiping out PPP loan forgiveness altogether. We do not believe it was the intent of Congress to effectively trap approximately one million small businesses with unexpected debt.

Borrowers were caught off guard by this requirement, which has created financial hardship for businesses that can least afford it. S. 4885 would reverse the SBA's offset requirement and thereby expand the value of PPP forgiveness, providing much-needed economic relief for struggling small businesses, many of which face the prospect of a second government-ordered shut down.

The Nation's Voice for Community Banks.®

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Thank you again for introducing S. 4885. We strongly support this legislation and look forward to working with you to advance it into law.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

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