

Loan Forgiveness

On August 10, 2020 the loan forgiveness portal opened for the Small Business Administration’s Paycheck Protection Program (PPP). **The portal has seen little use to date** as small businesses and lenders wait for possible action on a streamlined forgiveness application for loans \$150,000 or under, due to the complexity of the existing forgiveness applications. Loans at that level account for 87% of PPP loan volume, but only 28% of PPP loan funds.



Next Phase of Reopening— As small businesses move to the next phase of reopening and normalizing business operations, it is important that they are not hindered in their ability to get to the new normal.



Jobs Saved by PPP— According to the Treasury Department, the program has helped more than 50 million workers stay connected to their employers, which represents more than 75% of small business payroll in all 50 states. All of this was achieved over three months.



PPP Loans Intended to Be Grants— The Treasury Department and the Small Business Administration have previously stated PPP loans were intended to be grants and that these loans should be forgiven.



Unintended and Unexpected Debt from PPP— Small businesses should not be unintentionally saddled with unexpected debt from a grant program.

SBA Data – Overall Statistics

Total Approved Loans – 5,212,128

Total Approved Loan Dollars – \$525,012,201,124

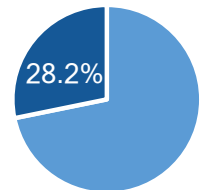
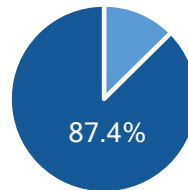
Average Loan Size – \$100,729

SBA Data – Small Loan Statistics

Total Approved Loans under \$150,000 – 4,552,352

Loans Under \$150,000 by loan percentage

Loans Under \$150,000 by amount percentage



Why it Matters

A straightforward and streamlined loan forgiveness process will help over four million small businesses that received PPP loans and could enhance the program’s already substantial economic impact. If these businesses fail to submit the proper paperwork due to this complexity and time burden, these grants will become loans, undoing the economic promise of PPP.

Recommended Action Items

- Support S. 4117/H.R. 7777**, the Paycheck Protection Small Business Forgiveness Act, bipartisan legislation supported by ABA, state associations, and hundreds of small business groups. This legislation will streamline the forgiveness process for borrowers that received loans \$150,000 or under from the Small Business Administration’s Paycheck Protection Program by utilizing a one-page application.