Questions for Secretary Steven T. Mnuchin
Department of the Treasury
Questions from Chairman James E. Clyburn (SC-06)

September 1, 2020, Hearing: Hybrid Hearing with Treasury Secretary Steven T. Mnuchin

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Paycheck Protection Program (PPP)

Question:

1. The Select Subcommittee requested documents and information on PPP on June 15, 2020, but Treasury has not provided a complete response, more than three months after the response deadline.[1] In particular, Treasury has not yet produced complete responses to Requests 1-4 in the June 15 letter. Please provide a complete response to these requests by October 8, 2020.

Response:

As the Department of the Treasury explained in its October 8 letter acknowledging receipt of these post-hearing questions, Treasury appreciates the Select Subcommittee's interest in a broad set of issues related to the COVID-19 pandemic, including the Paycheck Protection Program (PPP), Economic Impact Payments, the Payroll Support Program, and the Main Street Lending Program. Treasury has devoted substantial resources to respond to each of your inquiries, while also working with numerous other congressional committees and six oversight bodies on other requests. This robust commitment to transparency does not occur in a vacuum, however: Many of the professionals who are working around the clock to respond to oversight requests from various bodies are the same professionals working around the clock to implement and administer a multitude of programs that are offering real-time support for hardworking Americans across the country.

Treasury's cooperation with the Subcommittee dates back to your June 15 letter regarding the PPP. After receiving that request, Treasury worked with the Small Business Administration (SBA) to provide extensive information regarding all PPP loans, documents responsive to the Subcommittee's request, and two thorough briefings by senior SBA and Treasury officials. Given the broad nature of the Subcommittee's June 15 request, the breadth of information we made available on the PPP, and the need to balance the needs and interests discussed above, we encouraged the Subcommittee to be more specific regarding any additional information that it believed may be necessary to further its legislative interests. Additionally, in light of the Subcommittee sending subsequent inquiries regarding other pandemic-related matters, we encouraged the Subcommittee to tailor or provide guidance regarding which of its many broad

[1] Letter from Chairman James E. Clyburn, Select Subcommittee on the Coronavirus Crisis, to Secretary Steven T. Mnuchin, Department of the Treasury and Administrator Jovita Carranza, Small Business Administration (June 15, 2020) (online at https://coronavirus.house.gov/sites/democrats.coronavirus.house.gov/files/2020-06-15.Select%20Committee%20to%20Mnuchin%20Carranza-%20SBA%20re%20PPP.pdf).

requests and follow-up inquiries are most important to the Subcommittee's work. To the extent possible, we have worked to respond to the Subcommittee's requests and related follow-up inquiries in a manner consistent with our understanding of the Subcommittee's priorities.

We hope the extensive amount of information and access to senior Treasury officials provided to date on a variety of pandemic-related issues have been helpful to the Subcommittee's work. The Department remains committed to working with the Subcommittee to accommodate its legislative needs, and we appreciate that the Subcommittee indicated through this question that additional documents regarding the implementation of the PPP continue to be of interest. In response, Treasury has worked with SBA to provide additional materials responsive to your June 15 request.

Question:

2. Did any lenders or trade associations ever communicate to Treasury, directly or indirectly, that they lacked sufficient guidance to prioritize underserved communities in issuing PPP loans? If so, please describe in detail what was communicated, by whom, and how Treasury responded.

Response:

While it is unclear what type of communication on this topic might be considered "indirect," we are unaware of any communications by lenders or trade associations to Treasury expressing that they lacked sufficient guidance to service PPP loan applications from small businesses operating in underserved communities.

Question:

3. Did any lenders or trade associations ever raise concerns about prioritizing underserved communities in the PPP in light of the Equal Credit Opportunity Act (ECOA) and ECOA's Regulation B? If so, please describe in detail what was communicated, by whom, and how Treasury responded.

Response:

We are unaware of any communications to Treasury from lenders or trade associations expressing concern about prioritizing underserved communities in the PPP in light of the ECOA and ECOA's Regulation B. We respectfully refer you to SBA, the Consumer Financial Protection Bureau, and the independent financial regulators, as lenders or trade associations may have directed communications to them.

Question:

4. Did lenders or trade associations ever express any concerns to Treasury, directly or indirectly, that limiting PPP lending to existing customers could have a disparate impact on women or minority owned businesses, or businesses in underserved communities? If so, please describe in detail what

was communicated, by whom, and how Treasury responded.

Response:

We are not aware of any such communications. From the outset of the PPP, Treasury and SBA consistently urged PPP lenders to serve all eligible businesses. We encouraged all banks to offer loans to their existing small business customers, but no Treasury official ever suggested that banks should do so to the exclusion of new customers. The Subcommittee's conclusion to the contrary in its interim staff report is false and unsupported by its own record.

To be clear, Treasury and SBA did not limit PPP lending to existing customers. Since enactment of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Treasury and SBA worked closely with Congress, with borrowers, and with lenders of all sizes—including regional and community banks, Community Development Financial Institutions (CDFIs), and Minority Depository Institutions (MDIs)—to ensure the broadest possible segment of small businesses could access the PPP. Treasury and SBA extensively recruited lending institutions that typically operate in underserved communities to participate as PPP lenders. Treasury and SBA prioritized PPP participation by CDFIs, MDIs, and minority, women, veteran, or military-owned lenders due to their critical role in reaching underserved communities. Hundreds of CDFIs were contacted and advised of their eligibility to participate in the PPP. Guidance was issued to all lenders asking them to redouble their efforts to assist eligible borrowers in underserved and disadvantaged communities. This was done to ensure that entities in underserved and rural markets, including veterans and members of the military community, small business concerns owned and controlled by socially and economically disadvantaged individuals, women, and businesses in operation for less than two years, all benefited from the PPP. On July 30, 2020, Treasury and SBA participated in a roundtable discussion with executives from MDIs; the discussion focused on the MDIs' experiences as lenders in the PPP, including their work to serve small businesses in low- and moderate-income communities.

These outreach efforts targeting underserved and minority communities were successful. As of August 8, 2020, when the PPP closed to new loan applications, 432 MDIs and CDFIs had participated from across the country, providing over 221,000 loans for more than $16.4 billion. The program resulted in $133 billion provided to businesses in Historically Underutilized Business Zones, accounting for more than 25 percent of all PPP funding. Additionally, a review of census tracts indicates 28 percent of the U.S. population lives in low- and moderate-income census tracts, and when matched against the distribution of PPP loans, 27 percent of the PPP funds went to those tracts—in line with their representation in the population.

Question:

5. Treasury provided an April 3, 2020, notice to certain financial institutions that "PPP loans for existing customers will not require re-verification under

applicable [Bank Secrecy Act] requirements."[2] However, Treasury remained silent about how to treat eligible borrowers who were not existing customers.

a. How did Treasury intend for this guidance to impact the treatment of eligible borrowers who were not existing customers?

b. Did Treasury consider the impact of the April 3, 2020, notice on women- and minority-owned businesses and businesses in underserved communities that were not existing customers of federally insured depository institutions or federally insured credit unions, including whether such businesses could be excluded from the program?

c. What steps did Treasury take to ensure access to PPP for eligible borrowers, including women- and minority-owned businesses and businesses in underserved communities that were not existing customers of federally insured depository institutions and federally insured credit unions?

Response:

Compliance with the Bank Secrecy Act (BSA) is crucial to protecting U.S. national security by combating money laundering and related crimes. The importance of complying with BSA obligations was covered in the interim final rule originally posted by the SBA on April 2, 2020. Additionally, as your question references, on April 3, 2020, the Department of the Treasury's Financial Crimes Enforcement Network issued guidance to clarify how financial institutions could continue to apply a risk-based approach to diligently adhere to their BSA obligations amidst the challenges presented by the COVID-19 pandemic. To facilitate expeditious disbursal of PPP funds, this guidance clarified that financial institutions could rely on existing knowledge of their customers and the institution's existing risk-based approach to BSA compliance for the purpose of processing PPP loan applications. Requiring institutions to re-verify customer information or to develop new BSA processes for PPP loans may have delayed financial institutions from processing applications from both existing and new customers. As part of the process for issuing such guidance, SBA and Treasury worked with language proposed by the Department's Community Development Financial Institutions (CDFI) Fund office for the purpose of clarifying BSA obligations.

At the same time and since, SBA and Treasury have taken many concrete, meaningful steps to prioritize underserved communities in this program, including by prioritizing PPP participation by CDFIs, minority depository institutions (MDIs), and minority, women, veteran, or military-owned lenders due to their critical role in reaching underserved communities. For example, on April 29, to promote access to the PPP for smaller lenders and their customers, SBA established dedicated hours from 4:00 p.m. until 11:59 p.m. EDT, when only loans from lending institutions with assets of less than $1 billion were accepted. Additionally, SBA and Treasury directly contacted CDFIs, encouraging them to participate

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[2] Financial Crimes Enforcement Network, Department of the Treasury, *The Financial Crimes Enforcement Network Provides Further Information to Financial Institutions in Response to the Coronavirus Disease 2019 (COVID-19) Pandemic* (Apr. 3, 2020) (online at www.fincen.gov/news/news-releases/financial-crimes- enforcement-network-provides-further-information-financial).

and issued rules of eligibility for nonbank CDFIs with substantially lower thresholds than other nonbank lenders. SBA, in consultation with the Treasury, set aside $10 billion of Round 2 funding to be lent exclusively by CDFIs, in addition to the set-asides in the Paycheck Protection Program and Health Care Enhancement Act of $30 billion for banks and credit unions with assets between $10 billion and $50 billion. We also hosted multiple tele-town hall forums with trade associations representing CDFI lenders to specifically engage with these lenders and understand how to better serve their customers in underserved communities. To reiterate the importance of underserved communities and borrowers, on June 15, SBA Administrator Jovita Carranza issued guidance to PPP lenders asking them to redouble their efforts to assist eligible borrowers in underserved and disadvantaged communities to expand economic opportunity. Moreover, SBA re-launched a dedicated online tool, known as Lender Match, that pairs small businesses and nonprofits without existing banking relationships with lenders so that those borrowers know where to go to access PPP funding. On July 30, 2020, Treasury and SBA participated in a roundtable discussion with executives from MDIs; the discussion focused on the MDIs' experiences as lenders in the PPP, including their work to serve small businesses in low- and moderate-income communities.

As a result of SBA's and Treasury's actions and continued emphasis on reaching these communities, when the PPP closed to new loan applications on August 8, 432 MDIs and CDFIs had participated from across the country, providing over 221,000 loans for more than $16.4 billion (more than $9.4 billion of which was approved during Round 1 of PPP). The program resulted in $133 billion provided to businesses in Historically Underutilized Business Zones, accounting for more than 25 percent of all PPP funding. Additionally, as noted above, a review of census tracts indicates 28 percent of the U.S. population lives in low- and moderate-income census tracts, and when matched against the distribution of PPP loans, 27 percent of the PPP funds went to those tracts—in line with their representation in the population. In fact, a recent study by the D.C. Policy Center, looking at the distribution of PPP loans in the District of Columbia, determined that "despite accounting for only 5.9 percent of all businesses in the District, women-owned businesses constituted 10.3 percent of establishments that received loans above the $150,000 threshold (203 out of the 1,989 establishments that we were able to match). Businesses owned by people of color followed a similar trend, accounting for 12 percent of the loans, while representing just 6 percent of overall businesses in D.C. Importantly, women-owned businesses formed 18.2 percent of loans above $5 million, and people of color-owned businesses represented 27.3 percent of loans above $5 million."

Question:

<u>Economic Impact Payments</u>

1. More than six months after Congress passed the CARES Act, Treasury has estimated that approximately 9 million non-filers still have not received their economic impact payment (EIP). IRS has taken a positive step by announcing it will notify individuals who may be eligible for, but have not registered to claim, an EIP.[3] Please provide updates to the Select Subcommittee on

[3] Internal Revenue Service, *IRS to Mail Special Letter to Estimated 9 Million Non-filers, Urging Them to Claim*

October 9, 2020, and October 22, 2020, on the number of additional non-filers who have received their EIP.

Response:

Over the past six months, the Internal Revenue Service (IRS) has undertaken one of the most extensive public awareness campaigns in its history. We are proud of Treasury's and the IRS's work to deliver EIPs to more than 160 million EIPs in record time to individuals for whom the IRS has sufficient information to make a payment; and we have repeatedly affirmed our commitment to conducting further targeted outreach for those who may be eligible but have not yet received an EIP. Dedicated professionals at Treasury and IRS have worked tirelessly to provide much-needed economic relief to hardworking Americans across our country.

Individuals who have not yet received an EIP at this point are largely people who do not typically have a tax return filing obligation and for whom information is not readily available to the IRS, such as those not receiving benefits from the Social Security Administration or Railroad Retirement Board, or for certain dependents. As we have previously detailed to the Subcommittee, the IRS's efforts to reach such individuals for the purpose of encouraging them to file for an EIP have involved working with hundreds of local and national organizations to share information about EIPs with such citizens who may not normally file a tax return, including seniors, veterans, and those experiencing homelessness. The IRS also has worked with partner groups to translate and make available in 35 languages IRS information and resources on EIPs.

Rather than estimating a number of potentially remaining EIPs, Treasury and the IRS have focused on developing actionable information that will allow the IRS to assist individuals who may be eligible for an EIP to claim one. To this end, the outreach effort your question references is the product of a substantial commitment of additional resources by the IRS and Treasury to identify individuals for whom tax return and federal benefit information was not readily available and who may not have yet received a payment. The effort involved examining the most significant series of tax information returns that were filed for 2018 and 2019, including Form W-2, Form 1095 (health care series), Form 1099 series (including 1099-MISC for independent contractors and gig economy workers, and 1099-R reporting distributions from retirement plans), Form 1098-T (tuition payments), and Form 1098-E (student loan interest payments). As a result of these efforts, the IRS has mailed 8,863,344 letters to alert individuals of potential eligibility—the first of which were mailed on September 17. Additionally, while we expect that many, if not the bulk, of these individuals are eligible for an EIP, the IRS has cautioned that receipt of a letter is not a guarantee of eligibility. This sort of innovative approach to identifying potential eligible tax rebate recipients has never been tried before, and we are hopeful that it will identify more eligible EIP recipients.

We want everyone who is eligible for an EIP to receive their EIP. Treasury provided the

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Economic Impact Payment by Oct. 15 at IRS.gov (Sept. 8, 2020) (online at www.irs.gov/newsroom/irs-to- mail-special-letter-to-estimated-9-million-non-filers-urging-them-to-claim-economic-impact-payment-by-oct-15-at-irsgov).

Subcommittee with two updates in October regarding the use of the EIP non-filer portal consistent with those requested in this question, the most recent of which was provided on October 22. As a direct result of the extensive efforts discussed above, 8,358,100 people who do not normally file a tax return had used the EIP non-filer portal to claim an EIP as of November 11. Payments for eligible individuals who submit information through the non-filer portal generally are issued within a week of submission. The IRS and Treasury will continue to do everything else we feasibly can to raise awareness about eligibility.

Question:

2. IRS began mailing EIP letters on September 17, giving the 9 million recipients only a very short window to claim their EIP before the October 15 deadline. Completing the filing on the IRS' non-filer portal in that short time period is even more daunting because many of these individuals may not have internet access at home. Alternatives, such as public computer access or other sources of assistance, may be limited because of the pandemic.

    a. When did IRS complete the mailing of the EIP letters?
    b. Will Treasury and IRS extend the October 15 deadline, as the Select Subcommittee has recommended, to ensure those who need financial assistance the most have an adequate opportunity to receive their stimulus payment this year?

Response:

As your question acknowledges, the IRS began mailing these letters on September 17, a process which was completed on September 30, 2020. With respect to the deadline for non-filers to apply for an EIP, the IRS has extended the deadline for such individuals to use the non-filer portal—which has been available since the spring—to November 21. The IRS is already deeply involved in processing and programming that overlaps the 2020 and 2021 tax filing seasons, and this extension is yet another example of the Treasury and IRS doing everything we feasibly can to deliver EIPs to all eligible individuals.

Question:

3. Treasury has had other problems providing stimulus payments to low-income Americans. For example, the IRS' non-filer online tool made it more difficult for some people to receive another important tax benefit—the Earned Income Tax Credit (EITC). Congress never intended for stimulus checks to complicate receipt of the EITC for individuals, but IRS required people using the non-filer online tool to make hard-copy filings of an amended or superseded return in order to claim their EITC. Treasury and the IRS then reversed course and allowed those individuals to e-file.

    a. How will Treasury and IRS publicize the new e-file process and do outreach to notify commercial preparers and the public about it?

b. Will Treasury and IRS conduct targeted outreach to those who may not know they are still eligible for the Earned Income Tax Credit, including proactively sending out CP09[4] and CP27 notices[5]?

Response:

The IRS's EIP non-filer portal is intended to be used by non-filers only. Before entering the portal and initiating prompts within the portal, taxpayers are reminded several times that those who have a filing obligation with the IRS for tax year 2019 should not use the portal, and instructions are provided on who should use the tool for the purpose of receiving an EIP. These instructions are provided because information from the non-filer portal is used to automatically generate a Form 1040, which the IRS uses to compute and send a payment. Accordingly, consistent with IRS processes and system limitations that apply to all taxpayers, anyone who attempts to submit a second Form 1040 must file an amended return. In August, the IRS announced a major milestone in tax administration by making it possible for all taxpayers—including those who improperly used the EIP non-filer portal—to submit an amended Form 1040 electronically with commercial tax-filing software.

With respect to EITC recipients, Treasury previously informed the Subcommittee that as of July 31, 2020—at which time EIPs had been issued to all eligible individuals for whom the IRS had payment information—the IRS had received 24.3 million returns claiming the EITC. This total is consistent with what was reported for the same period in 2019, particularly in light of the fact that the 2020 tax filing season was extended by three months. Accordingly, we believe the number of EITC claimants who tried to claim their payment through the non-filer portal and subsequently were required to file an amended return to be relatively small.

The IRS continues to advance awareness strategies for refundable credits, including by issuing CP09/27 notices to potentially eligible EITC taxpayers who file returns but do not claim the credit and CP08 notices to taxpayers who file returns with one or more dependents and may potentially be eligible for the Additional Child Tax Credit but do not claim it on their returns. The IRS also has made available online the EITC Assistant in English and Spanish to allow taxpayers to determine if they are eligible for EITC and for what amount they are eligible. The IRS informs the public of this valuable tool through News Releases, Twitter, and IRS YouTube videos. Further, the IRS hosts an annual EITC Awareness Day, which is a nationwide collaboration with national and local partners to increase awareness of refundable credits.

[4] Internal Revenue Service, *Understanding Your CP09 Notice* (online at www.irs.gov/individuals/ understanding-your-cp09-notice) (accessed Sept. 16, 2020).
[5] Internal Revenue Service, *Understanding Your CP27 Notice* (online at www.irs.gov/individuals/ understanding-your-cp27-notice) (accessed Sept. 16, 2020).

Questions for Secretary Steven T. Mnuchin
Department of the Treasury
Questions from Rep. Maxine Waters (CA-43)

September 1, 2020, Hearing: Hybrid Hearing with Treasury Secretary Steven T. Mnuchin

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Question:

1. Does the Treasury Department require air carriers receiving CARES Act financial assistance packages to stay current on payments to their Tier I suppliers?

    a. If yes, please provide an example of language reflecting such requirement.
    b. If not, why not?

Response:

Under the terms of the Payroll Support Program Agreement, the Recipient must use Payroll Support exclusively for the continuation of payment of wages, salaries, and benefits to the Recipient's employees. Recipients must abide by certain other requirements as specified in applicable federal law, including the CARES Act, and the Payroll Support Program Agreement, the form of which is posted to the CARES Act website. For more information on the Payroll Support Program, please see https://home.treasury.gov/policy-issues/cares/preserving-jobs-for-american-industry.

Questions for Secretary Steven T. Mnuchin
Department of the Treasury
Questions from Rep. Nydia Velázquez (NY-07)

September 1, 2020, Hearing: Hybrid Hearing with Treasury Secretary Steven T. Mnuchin

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Question:

1. As the Administration was considering an eviction mortarium for renters and homeowners, was one considered for small businesses?

Response:

The Temporary Halt in Residential Evictions To Prevent the Further Spread of COVID-19 was issued by the Centers for Disease Control and Prevention[6] as a public health measure to mitigate the spread of COVID-19. This action was taken pursuant to Executive Order 13945, which directed certain designated agencies to explore measures necessary to fight the spread of COVID-19 by providing assistance to renters and homeowners.

Question:

2. What was the reasoning that the Administration decided on for not proceeding with a commercial eviction moratorium?

Response:

The Department is not aware of any current authority by the Treasury or any other agency to grant an eviction moratorium for commercial tenants.

Question:

3. In New York, the Court System has extended the eviction moratorium for commercial businesses until October 1st, but there's not any certainty what will happen after that. Has the administration had conversations with Governors who have stated a federal commercial eviction moratorium is needed?

    a. If yes, which Governors have expressed this to the Administration?

Response:

Treasury has not had conversations with state governors on this topic.

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[6] 85 Fed. Reg. 55292 (Sept. 4, 2020).

Question:

4. Has the Administration had conversations any commercial landlords or any lending institutions about the topic of a commercial eviction moratorium?

    a. If yes, which commercial landlords and lending institutions?

Response:

Treasury has not had conversations with commercial landlords or lending institutions on this topic.

Questions for Secretary Steven T. Mnuchin
Department of the Treasury
Questions from Rep. Jamie Raskin (MD-08)

September 1, 2020 Hearing: Hybrid Hearing with Treasury Secretary Steven T. Mnuchin

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Question:

1. Did you or anyone else in the Administration ever seek greater operational control over the Postal Service in exchange for a federal loan?

    a. What specific requests or demands did you make?

Response:

The Department has previously written to the House Committee on Oversight and Reform to provide background on Treasury's and the United States Postal Service's (USPS's) discussions concerning the terms of USPS's financing from Treasury and the Federal Financing Bank. Treasury's proposed financing conditions have at all times been commercially reasonable, consistent with the law, and designed to limit taxpayers' exposure to losses on loans to USPS.

Question:

2. When asked if you would commit to ensuring that USPS has the funding resources it needs to deliver the mail on time, you indicated that there's a signed term sheet saying USPS can draw down upon the money "whenever they need it subject to very minimal conditions." What are those "minimal conditions"?

Response:

Treasury has provided a copy of this term sheet to the House Committee on Oversight and Reform. All of the conditions in the term sheet are customary controls and disclosures, and none are burdensome.

Questions for Secretary Steven T. Mnuchin
Department of the Treasury
Questions from Rep. Andrew Kim (NJ-03)

September 1, 2020, Hearing: Hybrid Hearing with Treasury Secretary Steven T. Mnuchin

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Question:

1. There have been many reports about the Main Street Lending Program failing to garner the level of participation that was initially intended. How does Treasury plan to work with the Federal Reserve to make the terms of the lending facilities more favorable?

Response:

While take-up for the Main Street Lending Program (Main Street) has been lower than originally anticipated, the banking system's ability to meet credit demand has proven greater than expected in March when we began design on the program with the Federal Reserve. There is limited unmet credit demand according to the Federal Reserve's Senior Loan Officer Opinion Survey on Bank Lending Practices (SLOOS).

In the September SLOOS, loan demand from Main Street-sized borrowers was unchanged since mid-June. Over the second quarter, a significant share of banks reported weaker demand for commercial and industrial loans to firms of all sizes, according to the SLOOS published in July. The report also noted that a significant share of banks reported that the number of inquiries from potential borrowers decreased.

The Federal Reserve SLOOS data is confirmed by the September National Federation of Independent Business Survey that showed that only 2% of businesses did not have their borrowing needs satisfied.

Since March, Treasury and the Federal Reserve have remained flexible and responsive to both public feedback and economic conditions. The Federal Reserve, in consultation with Treasury, has modified the terms of lending programs since they were announced to expand and enhance these programs and ensure broad access to credit and liquidity. We will continue to monitor the impact of these programs and will not hesitate to act as needed to support the economy.

Question:

2. Regarding the Main Street Lending Program, applicants are hearing from banks that the banks are still uncomfortable with their level of risk in participating in the Program. Is there anything that Treasury and/or the Federal Reserve might be able to do to encourage lending to distressed applicants

under the Program?

Response:

The Main Street Lending Program is open to small- and medium-sized for-profit businesses and nonprofit organizations that were in sound financial condition before the onset of the COVID-19 crisis and have good post-pandemic prospects, but now need loans to help maintain their operations until they have recovered from, or adapted to the impacts of the pandemic.

On September 18, 2020, the Federal Reserve revised the Frequently Asked Question (FAQ) on the Main Street Lending Program website covering the treatment of Main Street loans by federal banking supervisors. Under the revised FAQ, supervisors will not criticize Eligible Lenders for originating Main Street loans in accordance with the Program's requirements, including cases when such loans are considered non-pass at the time of origination, provided these weaknesses stem from the pandemic and are expected to be temporary or if such loans are part of a bank's prudent risk mitigation strategy for an existing borrower.

Under the Main Street program, the borrower must certify that it has a reasonable basis to believe that, as of the date of origination of the Eligible Loan and after giving effect to the Eligible Loan, the Borrower has the ability to meet its financial obligations for at least the next 90 days and does not expect to file for bankruptcy during that time period.

Question:

3. The PPP loan forgiveness application portal opened on August 10, but just two weeks later, SBA in conjunction with your agency, released additional guidelines surrounding forgiveness of the pandemic loans designed to keep workers on payrolls. When will your agency issue its final guidance on forgiveness in order to avoid any further confusion?

Response:

Treasury has posted to its website a series of documents, including interim final rules, a set of frequently asked questions, fact sheets, and other documents to address specific lender and borrower questions about the program, including the loan forgiveness process. Treasury and SBA have worked judiciously, expeditiously, and on a bipartisan basis to quickly respond to feedback and issue necessary program guidance. For example, on October 8, 2020, SBA, in consultation with Treasury, released a simpler loan forgiveness application (PPP Loan Forgiveness Application Form 3508S) for PPP loans of $50,000 or less. This action streamlined the PPP forgiveness process to provide financial and administrative relief to America's smallest businesses while also ensuring sound stewardship of taxpayer dollars. In the interim final rule posted on October 8, 2020, SBA and Treasury also eased the burden on PPP lenders, allowing lenders to process forgiveness applications more swiftly. Treasury and the SBA will continue to provide additional guidance, as appropriate, to help small businesses and other eligible borrowers get the assistance they need and apply for loan forgiveness.

Question:

4. You have mentioned the use of a revenue test for future rounds of aid to small businesses. However, in order to stay alive, many small businesses have found temporary solutions to low demand by drastically altering their business model and producing items such as facemasks to meet urgent demand. Although these businesses would not pass a revenue test, they will not continue to thrive as market demands continue to shift. Can this revenue test ensure that no businesses in need of federal aid are left behind?

Response:

The Secretary remains committed to working with Congress on a bipartisan basis to implement additional, targeted economic assistance to those sectors of the economy hardest-hit by the pandemic. Treasury looks forward to working closely with you and your staff to help small businesses and their tens of millions of workers across the United States get the critical assistance they need.