



For Immediate Release

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Tennessee Banks Call for Expanded Small Business Forgiveness for Paycheck Protection Program Loans

Current forgiveness terms will hurt struggling small businesses

Nashville—Tennessee banks are witnessing firsthand the devastating result COVID-19 is having on small businesses and their employees. That's why the Tennessee Bankers Association (TBA) and its member banks are calling on the Treasury and Small Business Administration to expand the Paycheck Protection Program's criteria for loan forgiveness to account for the virus's unprecedented impact.

When Congress authorized the PPP in March, its intent was to provide billions of dollars in fully forgivable loans to help small businesses maintain payrolls during the pandemic. Due to the prolonged economic crisis and phased reopening of businesses with restrictions on capacity and operating procedures, many business owners will not be able to meet the payroll levels required for achieving forgiveness, despite their best efforts.

"Small businesses need assurance from the Treasury and SBA that if their loans are being used for payroll, mortgage interest and utilities, as Congress intended, they will receive forgiveness. The current guidelines put forth by Treasury are too restrictive for Tennessee's businesses to receive full forgiveness for these loans," said Colin Barrett, president and CEO of the Tennessee Bankers Association.

To ensure small businesses are able to get through this time, the TBA asked the Treasury and SBA to expand PPP's loan forgiveness terms:

- Reduce the requirement that 75 percent of PPP loan proceeds must be spent on payroll. While supporting employees is the objective, small businesses need to be able to use more than 25 percent of the loan amount for nonpayroll business expenses, such as rent and utilities, so they may reopen as soon as it is deemed safe for them to do so.
- Expand the eight-week period in which funds must be deployed in order to be forgiven. With the prolonged shelter in place standards and extended rollout of the PPP funds, eight-weeks is not a sufficient length of time for returning to normal operations.
- Allow borrowers of PPP loans with an original balance of \$1 million or less to certify rather than submit documentation that their loan funds were used for eligible expenses.

The latest state-specific numbers were provided by the SBA on May 8, and Tennessee banks made \$9,255,306,941 in PPP loans to 80,940 small businesses and self-employed individuals. Money remains in the fund today for businesses who are still seeking assistance.

“As the state begins its economic recovery efforts, banks stand committed to helping businesses and individuals find solutions to address any ongoing financial challenges,” said Barrett.

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About Tennessee Bankers Association

The Tennessee Bankers Association is a not-for-profit organization representing Tennessee’s commercial banks and thrifts. The Association provides continuing education, develops and monitors state and federal legislative agendas, disseminates information on all facets of the financial services industry, and promotes the public image of financial institutions. Visit us at our website, www.TNBankers.org.