

**“Paycheck Protection Program: Loan Forgiveness and Other  
Challenges”**

**Testimony before the House Committee on Small Business**

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**Submitted by  
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Chairwoman Velázquez, Ranking Member Chabot, and Members of the Committee—my name is Eduardo Sosa and I have been in SBA lending for the past 25 years. I currently serve as the Senior Vice President of Commerce National Bank in Austin, Texas. Commerce National is part of Amarillo National Bank, a 126 year-old family-owned small community bank headquartered in Amarillo, Texas, and we focus on small business borrowers in our community through both conventional and SBA lending. The majority of our footprint encompasses the Texas Panhandle and Central Texas. In my capacity, I have helped to oversee my institution’s participation in the Paycheck Protection Program (PPP), making roughly 3,450 PPP loans totaling over \$477 million in critical capital to support over 57,500 employees during these recent difficult few months.

Let me start by telling you a little about myself: I am the son of Mexican immigrants and, as a migrant farmworker, if you had told me that someday I would be invited to testify before a Committee of the United States Congress, I would not have believed you. When I say that I am honored to testify before this Committee today, those words carry great personal significance and encapsulate my story – the story of a boy that came from very little and who, in partnership with my wife of 50 years, worked very hard to contribute to my family, my community, and my country. In my career as a lender who specializes in SBA loans, I have had the great privilege of devoting decades to helping small business borrowers to whom a SBA loan can mean the difference between thriving and failing, and I have found fulfillment in helping those small businesses achieve the American Dream.

Now, we find ourselves in uncharted territory in response to the COVID-19 crisis. The unique circumstances resulting from the global pandemic brought businesses on Main Streets around the country to a crashing halt. As a lender watching the reaction of Congress in creating the PPP, I am grateful for the attention that was paid to the grave issue of unemployed Americans. The country’s small businesses could not wait for Washington, D.C. to take its time—they were hurting and the stability of the small business economy was deteriorating quickly. These fearful small businesses were my clients, my neighbors, and my friends, and with the passage of *CARES Act*, I was hopeful our team of lenders would have an answer for them as to how they would be able to survive. It is because of this unusual landscape that I understand the clear pressure Congress and the agencies have felt to produce statute and guidance as quickly as possible, as well as the pressure on lenders to deliver PPP loans with an emphasis on speed to market. In many ways, speed was the cornerstone of the instructions to lenders from the get-go, underscored by Treasury’s directive to attack the long queue of borrowers with a “first come, first serve” process. Lenders were called to duty with a fireman’s mentality—suit up and start fighting the fire quickly.

But lenders and borrowers are now paying the price of this speed, and perhaps there was a middle ground to be had. Instead of promising all small businesses that they would receive a loan the very Friday after the *CARES Act* was signed into law, perhaps we could have issued a message to reassure them that the program was set up to help everyone quickly but it would take just slightly more than 5 business days to establish. Partial guidance was issued to lenders close to midnight the night before the program “went live” and my bank, as well as my peers, felt caught between two bad options—either deliver on something we didn’t yet understand or face public shame for not churning out loans immediately to our clamoring customers. Perhaps we could have given this country’s lenders a few days with a comprehensive rule book first. Rather than take an extra beat to lay out all the rules, terms, conditions, and processes for originating, forgiving, and servicing a PPP loan, speed to market pressure has created piecemeal guidance issued in small fragments, one after another, that often contradicts itself and is still not complete even today. This has left the industry confused and unable to trust the requirements that

have been issued for fear that they will change the next hour, day, or week, as they so often have and continue to do so. Yes, I understand speed to market and I wanted that for my clients—but, it seems to me, and many of my lending colleagues, that somewhere the implementation process lost sight of common-sense in the midst of this frenzy.

My testimony will focus on the main challenges that have arisen during the program's short, but impactful life. The intent is not to highlight the wrongs, but to paint a picture for the Committee of the hurdles that lenders and borrowers face, and to bring to life for you what kind of price we have paid due to the way in which this program is being implemented. The group of lenders at my bank have pulled off what feels like a miracle for thousands of borrowers, and I would not have a story of PPP participation to tell if not for the entire team that I stand with every day. I share my concerns with the Committee so that I may give voice to this team and the small businesses that feel like family in our community. Ultimately, my hope is that I help to contribute to the Committee's blueprint of how Congress can intervene and chart a better course forward for PPP lending, ensuring that we all continue to do right by the small business borrowers.

### **Guidance**

So far, PPP has been implemented by 17 Interim Final Rules (IFRs) and 48 individual Frequently Asked Questions (FAQs), as well as additional guidance provided in several miscellaneous documents, all of which continue to be issued one at a time as we speak. I could stop right there and that would tell you how inappropriately guidance has been issued. Lenders and borrowers get a small glimpse one day as to the parameters for the application and eligibility for a PPP loan and a few days later, some of those rules change. Then the next week, we may learn a different eligibility requirement that contradicted the requirements issued the week before. Following that, maybe we learn part of the answer to the questions related to ownership, affiliation, or EIDL loans, but never the full story. We have received program guidance in slivers, but even as of today, we have never seen the whole pie. As an experienced lender, I've never once fully understood how to make a PPP loan from beginning to end—and still don't. No one does. I wonder sometimes whether even the agencies have it all figured out yet. Because, if they did, it would only make sense that they would provide full start to finish program guidance.

Forgiveness guidance was issued on May 22, seven weeks after millions of loans had been made. As a lender, I asked thousands of small business borrowers to sign on the dotted line on a contract outlining PPP terms and conditions, and neither myself, nor the borrower, ever knew, or still knows, the exact terms and conditions related to forgiveness or other critical aspects of a PPP loan. Let me stress this point: none of us knew how to achieve forgiveness of a loan centered on the concept of forgiveness when they were made. Are things better now that we have the forgiveness guidance? Absolutely not. Lenders still do not know where or how to even submit a loan forgiveness application to SBA and, at last week's Senate Small Business Committee hearing on PPP implementation, the officials responsible for delivering the PPP seemed to be hinting that even the requirements that have been issued may still be changed.

As a bank, this approach simply is not practical, comfortable, or even appropriate. Lenders are risk-averse institutions that operate based on a full understanding of what our roles and responsibilities are. We have an obligation to our borrowers to be transparent about the terms and conditions of any loan we make and we take that obligation very seriously. Is blindly offering a program to small businesses without knowing who is eligible, what any of the basic premises of the loan are at any given moment, or how borrowers will obtain loan forgiveness really what we want for our borrowers? Without clear guidance, we're doing a disservice to the small businesses we all want to protect.

From the very beginning, this contradictory and confusing guidance caused my bank to question whether we should even get involved. And in case you are not hearing this from other institutions—my peers have told me that they were having the exact same internal debates. There was significant caution, anxiousness, and more questions than answers—there still is. My small, community bank had to weigh the desire to help our borrowers with the very real possibility that making these loans could cause irreparable risk and damage to our institution should some or all of these loans, without any collateral or personal guaranty from the borrower, wind up not being forgiven and without the government guaranty honored due to some misunderstanding of the rules that were only revealed half way through the process. Ultimately, we answered the call to serve, but only because we felt it was our duty and not because we felt comfortable. This lack of complete guidance continues to be the primary challenge of the program and Congress could intervene by putting appropriate pressure on Treasury and SBA to deliver to their lending partners and borrowers the most basic starting point of any working relationship—a complete picture of what is expected and required that does not continue to change with the passing of every week.

### **Credit Elsewhere Confusion**

The *CARES Act* parameters surprised veteran SBA lenders. The loan size could go up to \$10 million, twice the size of a regular 7(a) loan, and per the formula established in the law to qualify for a loan of that size, the business had to average \$4 million in average monthly payroll. That means that applicants for PPP loans were not just the small business borrowers that SBA lending typically reached; PPP applicants would also include substantially larger businesses, including those that financed their operations differently than most regular 7(a) borrowers. The traditional size standards were broadened and affiliation rules relaxed. Most notably, there was a complete waiver of the traditional 7(a) credit elsewhere test, meaning that *even if a small business could obtain credit conventionally because of their revenue, market valuation, or any other reason, the small business is still eligible for a PPP loan*. And finally, there was absolutely no prioritization ever outlined in law or guidance to focus on borrowers who met certain parameters, were a certain size, had a certain revenue, or any other means of identifying one borrower over another.

Sure, a borrower had to certify that “the uncertainty of the current economic conditions makes [the loan] necessary...to support the ongoing operations.” But, in the midst of an unprecedented economic crisis and with the credit elsewhere test waived, lenders and borrowers believed that very few, if any, small businesses could not certify to the necessity of a loan to support payroll. The *CARES Act* and any subsequent guidance never mentioned that the business had to first draw on other means available to them before certifying to a “need.” And the law or guidance never once told lenders or borrowers what they mean by “need”—in fact, no one knows what is meant by “need” to this day.

All these loosened requirements made complete sense in light of the demands of responding effectively to this kind of national tidal wave. Our goal was to get this payroll support out to all small businesses that qualified; typical restrictions need not apply during a global crisis. We got the message loud and clear.

But all of that has been walked back and in the most confusing way possible. The media began finding stories about publicly traded companies, and it seemed like neither Congress, nor the agencies, liked the negative attention. Lenders and borrowers alike began to experience the worst kind of whiplash as both Congress and the agencies started using these spotlighted examples to issue wide-sweeping threats and to distinctly change the tone used when talking about PPP, as well as the borrower eligibility requirements in guidance.

The agencies did this by first issuing FAQ #31, requiring borrowers to determine whether they had “other sources of liquidity sufficient to support their ongoing operations,” but without defining what they meant by “sufficient.” This was asking borrowers to determine credit elsewhere for themselves. I didn’t know what to tell my borrowers.

Then came the news that there would be automatic reviews on all loans over \$2 million. FAQ #39 stated that there would be reviews on these larger loans with additional reviews of loans of any size if deemed appropriate. Then FAQ #46 said that any borrower who received a loan less than \$2 million would be deemed to have made the certification of need in good faith. Shortly thereafter, IFR #15 stated that SBA can review loans of any size at any time. Along the way, the FAQs also announced that borrowers should repay loans by May 18 that were not in fact “needed” in order to be considered in good standing by the federal government—or else. The zig-zagging was painful to convey to borrowers and worrisome for lenders. Panic ensued. And as a lender on the frontlines, I watched my customers nervously and fearfully repay loans that were very much needed – and which I believe should have been found eligible for a PPP loan.

Out of the \$477 million in PPP loans made by our bank, \$31 million in PPP loans were cancelled or repaid as a result of this bizarre sequence of contradictory guidance and threats. To my knowledge, my bank did not make one loan to a publicly traded company or to any recognizable brand name. In fact, 83% of my bank’s total PPP loans are \$150,000 or less, and 92% are \$350,000 or less (which is the threshold that we traditionally refer to as a “small” loan in SBA lending). Only 0.008% of all PPP loans in my bank’s portfolio are \$2 million and over. And this is indicative of the overall PPP portfolio, with 85.8% of PPP loans \$150,000 and under and 93.9% of PPP loans \$350,000 and under (as of June 12, 2020). Sadly, the majority of the \$31 million in cancelled or repaid PPP loans at my bank were small loans that fit every possible parameter of the program and that would have certainly been deemed “necessary” for the borrower.

If Congress or the agencies think the rhetoric around criticizing PPP loan recipients applies just to the nationally recognized companies or companies with a certain valuation—both of which are, in fact, eligible for PPP loans per the law—stops there, that simply is not true. There is a very sad domino effect that must be acknowledged. I’ve had to watch as borrowers have repaid very small PPP loans—one for \$1,400, several for \$2,200 and one for \$3,300 all repaid out of fear. The recipient of one of the repaid loans for \$2,200 was an immigrant from a country whose government was in the practice of threatening its citizens regularly. Imagine that borrower’s fear when he saw the announcements and public rhetoric from Congress and the agencies requiring a borrower to return its loan funds if it can’t prove a never once defined need, or otherwise face serious consequences from the federal government. The United States of America suddenly reminded him of a government he had left for a better life, and in panic, he ran away from the help he needed. Imagine being the lender who feels helpless to convince him otherwise. This wasn’t oversight and transparency—this seems to be buyers’ remorse on the part of Congress and the agencies for a law that failed to say what they apparently meant, mixed with government threats of the worst, ambiguous sort. I don’t like to think of the federal government saying to a small business, “We’re here to help you weather these difficult times,” and then, mid-way through, seeming to change its mind as to just who it intends to help, subsequently going after those whom it had invited to participate in the beginning. Help me explain this to my borrowers because I’m at a loss.

I proudly support oversight and transparency. If there is fraud, we need to go after it. If there is abuse, we need to deal with it. But instead of dealing with concerning applications on an individual basis, the agencies seemed to take the tact of threatening small businesses and scaring off lenders. Congress can help here, and it starts with the kinds of threats and warnings issued by Congress itself. I’d like to ask

Congress to acknowledge that the very law it passed not only permitted, but invited some of the companies now being criticized to receive PPP loans. I'd like to think we could rely on Congress to say that if they had hoped for PPP loans to go to a certain portion of the small business population that the law never mentioned or required, that it will resolve to do better next time to make sure to include that kind of prioritization in law and not pretend that it is there when it is not. And, just as important, I'd like to ask Congress to require that the agencies properly reflect the waiver of credit elsewhere, amend the FAQs that brought back the credit elsewhere requirement in direct contradiction with the statute, and cease blanket threats of small businesses. Doing right by the small business borrowers depends on this change in tactic.

### **Forgiveness Process**

As I've noted above, no lender or borrower understood the forgiveness process when millions of loans were being made. It was not until May 15 that lenders and borrowers had the forgiveness application form and instructions, and May 22 when the Interim Final Rules that filled in a few more holes in the forgiveness process were issued. However, as of today, we are still waiting for more guidance as promised by those IFRs. Lenders still don't know how to present their borrowers' forgiveness applications to SBA, and borrowers still don't have any guidance about how they will be able to appeal adverse decisions related to their loan eligibility or their forgiveness applications.

Even what we have regarding forgiveness guidance is not clear and places a tremendous burden on borrowers, especially when it comes to the smaller loans. The Loan Forgiveness Application is 11 pages long, and all but ensures that Main Street's small business borrowers will have to hire accountants or lawyers in order to properly complete it. While the form estimates that it will take only 3 hours to complete, my borrowers have struggled tremendously with completing the form. What makes this even more difficult is that as lenders, we face enormous liability concerns that make it very difficult, if not impossible, for us to provide the kind of assistance borrowers will need to complete forms that are then submitted for the lender's review.

While it appears that the agencies have the ability to simplify the forms, I urge Congress to insist on it—otherwise, the agencies may not chose a different path than the one they already have created. It is especially egregious that borrowers that received relatively small loans should have the same onerous requirements as borrower that received loans of multiple millions of dollars. There must be serious consideration given to that glaring inequity. In addition, I would strongly recommend that Congress provide statutory directives to the agencies that they provide automatic forgiveness for borrowers with loans of \$150,000 or below. If the goal is to provide the country's small businesses with what are essentially grants to support payroll to prevent unemployment from skyrocketing, then by all means, let's collectively agree to make that possible. We shouldn't be okay with a process meant to help small businesses in need that is not only onerous, but set up in a way that scares off borrowers and is rife with "gotcha" moments that could lead to failure to achieve forgiveness. That isn't the goal of the PPP that I understand, and I don't think it's the goal that Congress or the agencies intend either.

### **Lenders' Roles and Responsibilities**

The *CARES Act* included a hold harmless section that seemed to intend that lenders would be able to rely upon documentation presented by the borrower that certified it to be true and correct. Initially, agency

guidance appeared that it would follow suit. Both the lender and borrower applications frame the required documentation and certifications from the borrower in a way that seems very clear—the borrower must represent certain information to the lender, the borrower must provide documentation to the lender that is presented in good faith, and the borrower must certify as to the veracity of the submitted information.

But, as is true for most elements of the program, the implementation guidance has been anything but clear. FAQ #1 asked lenders to perform a “good faith review,” but that remains vague, undefined, and not a requirement. Almost three weeks later, FAQ #31 states that when it comes to a borrower’s attestation of need, the lender “may rely on a borrower’s certification.” And then, a month later, IFR #15 requires that lenders perform a review of the borrower’s calculations and any supporting documentation to obtain forgiveness. And the consequences are significant—if forgiveness applications are not appropriately documented, the agencies have now stated that forgiveness could be denied entirely, leaving borrowers with a loan to repay in a very short amount of time and lenders with loans on their books that have no collateral and no personal guaranties, thus making these difficult loans for lenders to stomach. What is perhaps even worse is that lenders do not know for certain how these requirements apply to the millions of loans already made prior to the requirements first announced in IFR #15.

The question of a lender’s role and responsibilities in a program are among the most basic components of a program. Millions of PPP loans have been made by thousands of lenders, and only now are we discovering what is expected of us. This is exactly what my bank was worried about when it came to participating in the PPP from the start. Should anyone be surprised that thousands of lenders who just learned that what will be required of them during the forgiveness process is very different from what they had been led to believe are increasingly worried about having participated in a program that seems to constantly pull the rug out from under the players? It also should not be a surprise that lenders are now increasingly skeptical about participating in any extension or expansion of the PPP unless fair and comprehensive guidance is provided first.

Congress can help by including a strengthened hold harmless provision than what currently exists in the *CARES Act* in any future, upcoming legislation to ensure that lenders feel confident in participating in the program going forward.

### **Processing Fee Delays & Threats of Fee Claw Backs**

The *CARES Act* was very clear in the provisions concerning fees to reimburse lenders for processing PPP loans. The law also states that these fees are required to be paid to lenders “not later than 5 days after the disbursement” of the PPP loan. While it was uncertain how this timing could be satisfied given that SBA only knows that a loan has been disbursed when a lender submits a monthly report to SBA which gives the status of all of the loans in its portfolio, my bank and my lending peers waited to hear how SBA would handle this. But no guidance came on this front as the floodgate of loans were approved and disbursed. We were using our own capital to fund more loans in two and a half months than we had done in 34 years, and with mandatory payment deferments, my bank began wondering how we would be compensated by the government to ultimately support the payroll of our employees at our very own family-run small business that is our bank.

Finally, on May 21, almost two months after the passage of the *CARES Act*, SBA released a notice (SBA Procedural Notice 5000-20028) that provided guidance on how lenders would be required to report PPP loans to SBA and how they would be paid the processing fees outlined in law. But even here there are

shortcomings—the notice only began the process for lenders to receive reimbursement. Based on my experience and that of my peers, payments are now being made on a piecemeal basis, but we believe that there is a long way to go before all of the earned fees are fully paid.

What is most concerning for my community bank are the new concepts in this May 21 procedural notice and in IFR #15 that had never been previously communicated to participating lenders and were not included in statute. The agencies announced that they did not need to compensate lenders for work that they had done to process and disburse loans that were cancelled prior to disbursement or voluntarily repaid early, and that for a period of one year after loan disbursement, they would have the right to require the return of fees paid to lenders on loans that were subsequently determined by SBA to have been ineligible because the borrower's self-assessment of "need" was found to have been flawed. I'm at a loss as to how to explain to my bank why it will not be compensated after doing the work and incurring all of the significant related costs of making PPP loans simply because the agencies may do a review and find that they deem the loan ineligible based on guidance entirely unknown to us at the time the loan was made or guidance that remains vague, confusing, or even impossible to understand. I have been doing SBA lending for a quarter of a century, and I can honestly say that no lender, including me, is confident about who is even eligible for a PPP loan given that eligibility requirements have been changing on a near weekly basis. I can honestly say that no lender, including me, and no borrower understands what the agencies mean when they asked loan applicants to self-assess their needs for PPP loans since that concept continues to be undefined. And I can honestly say that no lender, including me, feels confident with any aspect of the guidance on any component of the PPP loan process. Yet, the agencies will refuse to compensate lenders based on reviews that will deem whether loans should have been made based on all these elements of the program that no lender or borrower understands.

Put yourself in the shoes of the thousands of lenders that participated in PPP lending in good faith, wanting only to help small businesses survive, and without any clear rules of engagement. And now we have learned that, based on the agencies' changing and future interpretation of loan eligibility, they can refuse, at any time over the next year, to pay lenders for the work they undertook to process and disburse PPP loans. Not many things in life can be couched in such plain and sure terms as this: this claw back of fees is unfair and unprincipled. And now I hear that there are proposals to expand another round of PPP loans, and the government wants the same lenders they are taking advantage of and treating in a way unworthy of calling a working relationship to continue to participate. I have to say that my bank would have to think long and hard about whether we would jump in.

I hesitate to make this point for fear of how it will be perceived, but the reality is this: banks are businesses that also need support during this global crisis, and in the case of most community banks, they are small businesses with anywhere from a few dozen to a few hundred employees. Banks like mine need to make sure we can still make payroll for our employees. If banks, especially our small, community banks, are not stable and able to pay their employees during this crisis in order to turn around and help our small business borrowers, then what good are special loan programs like the PPP?

Please understand this—delivering this loan program was not a simple feat for the lenders. I often hear congratulatory remarks paid to Treasury and SBA for standing up a new program in such a short period of time—I rarely, if ever, hear anyone from Congress or the agencies say the same to the banks. Lenders had to create new IT systems, new infrastructure, new processes and systems, new teams of lenders working around the clock in a 24/7 environment to simply get set-up to start making the first loan. Yes, SBA stood up a new program in an astoundingly short period of time and I think that is to be commended. But in listening to the Senate Small Business Committee hearing on implementation last week, I never heard any mention of the lenders who performed the same herculean feat. The government created a



solution for this crisis, but they weren't delivering it—they turned to lenders to do that. Sure, a pat on the back would be nice. But what I am most concerned about is making sure that when we work in good faith with the federal government based on an understanding at the time that the work is compensated fairly. Otherwise, the federal government may find itself with less and less lending partners in any subsequent efforts.

Congress can once again help here—the Committee could lead the way in requiring that the agencies amend their guidance so that if lenders have made a loan in good faith that they are fairly compensated as the law requires. Surely, this can be a basic principle of working together that we all can agree upon.

### **Recent Legislative Changes**

Less than two weeks ago, new legislative changes were enacted through the *Paycheck Protection Program Flexibility Act*, which provided some much needed flexibilities for the small business borrower by recognizing that our country's small businesses are not a one-size-fits-all model. These flexibilities include the relaxation of an agency-created guideline requiring 75% of PPP proceeds to go toward payroll and 25% on non-payroll—statute now allows for a 60%-40% breakdown, which will help many more small businesses survive and remain eligible for forgiveness. In addition, the 8 week period set out in the law during which a borrower must use PPP proceeds and refer to as the period related to forgiveness was extended to 24 weeks. Many small businesses desperately need this extension, especially those in certain industries like food-service, entertainment, and tourism that are still far from operating at full capacity and need the extra time to utilize the PPP funds. This is especially true because it was only after enactment of the *CARES Act* that we became aware of the true extent that the pandemic would have on America's businesses.

However, questions have been swirling at my bank and among my peers about many aspects of these recent changes. For example, are we, expected to amend over 4 million loan notes (that is, the contract between the lender and the borrower outlining terms and conditions of the loan), to reflect a significant change in deferment periods? In addition, I understand the new law includes a provision permitting borrowers who received a PPP loan prior to the date of enactment of the *Paycheck Protection Program Flexibility Act* to elect for themselves whether or not they will continue to utilize the 8 week period or use the new 24 week period. However, are borrowers able to apply for forgiveness at any time after using PPP proceeds at their discretion, *or* are existing borrowers given a binary choice between 8 weeks and 24 weeks with new borrowers only permitted to utilize and wait a full 24 weeks? The legislation would suggest the latter to many of my peers, yet we heard the Secretary of the Treasury testify in front of the Senate Small Business Committee the former was the case. Countless number of borrowers wanted the 24 week extension—but there are just as many small businesses that do not want to be *required* to wait the full 24 weeks either, and my bank is at a loss as to how to proceed with our borrowers. We need clarifications on these points and others as quickly as possible.

These questions are also an important reminder that whenever a program's core premises are changed half-way through the game, there is going to be messiness that ensues, no matter how well-intentioned or needed the changes are. If this Committee is going to move forward to consider further changes, I urge you to fully examine all of the angles of unintended consequences and the domino effect that always results from these kinds of course corrections.

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In an average year, Commerce National Bank makes close to \$20 million in regular 7(a) loans. Yet, in two and a half months, my small, community bank will have done several times larger than that in PPP loans alone. We answered what we saw as a call to duty.

We did this in order to help borrowers like my client in Austin, Texas that had just re-opened his Mexican restaurant in late January after renovations. Following that re-opening, he experienced an immediate surge in business, including standing-room-only availability in the restaurant through mid-March. And then, like all restaurants across the country, he faced the devastation of COVID-19. While the business was still able to do take-out and drive-through, this limited business barely covered food costs. The owner, an immigrant who had come to the United States at 14 years old and worked his way up the industry ladder, was forced to lay off his 40 employees. But, his \$77,174 PPP loan enabled him to pay his employees, and while not yet profitable, most of his employees are back to work—and his American Dream kept intact. His story is why we made PPP loans.

I also think about the minority woman-owned day care that decided to remain open in a safe and healthy way during shelter-in-place orders so that she could specifically help care for the children of essential workers in the community that still had to go to work during an otherwise quarantined period. Unable to access PPP during the first round of funding, she worked with us to be one of the first to apply in the second round. Her \$37,100 PPP loan enabled her to pay her 7 employees and remain open—but it also enabled her to continue dedicating herself to act as a pillar of the community during local families' most difficult days. Her story is why we made PPP loans.

And then there is our small business borrower in Amarillo, a mom and pop bakery that has been serving the community since 1965. When shelter-in-place orders were issued locally, revenues dropped 65%. The husband and wife team that currently own the business received a \$104,800 PPP loan to pay their 24 employees. But their story doesn't end there. Not only were they able to keep their employees paid, but the bakery started offering eggs, milk, and bread to the older residents of the community. Then, they started providing sack lunches to feed the local homeless. Like so many small businesses that all SBA lenders know and serve, this borrower didn't just help keep Americans employed—they served their neighbors in countless selfless acts of kindness. Without the PPP loan, I'm not sure that this business would have been able to turn around and help their community in a time of need to the extent that they did. This husband and wife story is why we made PPP loans.

But participating in the PPP came at a cost. Some of our clients have fled from the program out of fear. Many are confused about how to follow the rules that keep changing. As an institution, we are just as concerned that the guidelines today will not be the guidelines tomorrow because that is exactly what has happened since the very start of this program—and that negatively affects the bank and our borrowers. As a lender, I worry about whether the changing rules will make it difficult for some borrowers to obtain the forgiveness they were relying upon. I worry about how we will explain to the borrower that things keep changing mid-game because I know that if I were in their shoes, that explanation just wouldn't cut it.

How this program is implemented affects the livelihoods of my clients, my neighbors, and my community. I want to be proud of my participation in this recovery effort, and God willing, it will be the last crisis I see in my long lending career. And while I am proud of the countless stories of hope that have already come out of this program, my own hope is clouded with more anxiousness than optimism at the moment. Your role in ensuring that borrowers receive the help they need and that we do not face years of confusing, conflicting oversight is critical. Lenders and small business borrowers are relying on you.