

# United States Senate

March 22, 2020

The Honorable Jovita Carranza  
Administrator  
Small Business Administration  
409 Third Street, SW, Suite 7900  
Washington, DC 20416-2230

Dear Administrator Carranza:

We are writing to urge you to lower the interest rate for Small Business Administration (SBA) disaster loans, pursuant to 15 U.S. Code § 636, for the foreseeable future to reflect the Federal Reserve's decision to reduce the benchmark interest rate to 0%.

As recently as March 20, 2020, the SBA Office of Disaster Assistance informed our offices that the SBA economic injury disaster loan (EIDL) interest rate has been set at 3.75% for small businesses and 2.75% for non-profits. As we understand it, these rates will apply to all small businesses and non-profits seeking EIDLs as a result of the 2019 Novel Coronavirus Public Health Emergency, unless and until the SBA updates the rate.

However, the Federal Reserve acted on March 15, 2020, to lower the benchmark interest rate to 0% to 0.25%. As a result, it would be appropriate for the SBA to lower the EIDL rate to 0%, both prospectively and retroactively so that the small businesses and non-profits that experienced economic injury as a result of this public health emergency have access to the lowest interest rate possible.

The SBA has the authority to lower the interest rate on these and other SBA loans, pursuant to 15 U.S.C. 636(a)(4)(A), in which the Administrator is authorized to "prescribe" rates, as long as they do not exceed caps set by formula and by statute. The law provides the Administrator with broad authority to set rates below those caps. Given the unprecedented economic disruption from the COVID-19 pandemic, we urge you to use this authority to lower EIDL rates to 0%.

We also urge you to exercise your discretion, wherever possible, to speed the process for approving EIDL applications and providing terms that meet the needs of impacted small businesses. For example, the law provides the administrator with the authority to "direct, and conduct oversight for, the methods by which lenders determine whether a borrower is able to obtain credit elsewhere" (15 U.S.C. 636(a)(1)(a)(i)). You could use this authority to allow small businesses impacted by the public health emergency to self-certify their inability to obtain credit elsewhere to speed up the application process. Using other authorities under the law, you could also defer payments on principal and waive loan limits.

These are just a few of the many critical steps that we need to take to protect small businesses during this severe economic disruption. Lowering the SBA EIDL interest rate is something that can be done immediately and will have a significant impact on small businesses and non-

profits in states across the country that are applying for or preparing to apply for SBA disaster loans. We urge you to make this change as soon as possible, and to consider other ways in which you can speed the process for small businesses to obtain much-needed SBA loans.

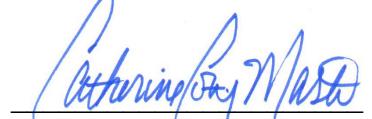
Thank you for your consideration.

Sincerely,



BRIAN SCHATZ

U.S. Senator



CATHERINE CORTEZ MASTO

U.S. Senator



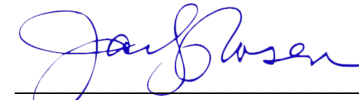
KIRSTEN GILLIBRAND

U.S. Senator



ROBERT MENENDEZ

U.S. Senator



JACKY ROSEN

U.S. Senator



CORY A. BOOKER

U.S. Senator