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United States Senate

WASHINGTON, DC 20510-3205

March 22, 2020

The Honorable Jovita Carranza
Administrator
Small Business Administration
409 3rd Street SW
Washington, DC 20416

Dear Ms. Carranza,

I write to firstly to express my gratitude at the important work the Small Business Administration is doing to help our local businesses impacted during the COVID-19 health crisis, but to also ensure all small businesses are able to benefit from this relief. Small businesses who have Employee Stock Ownership Plans (ESOP) are finding it difficult to access loans from the SBA, especially during this time of economic downturn, as they are required to apply to the central SBA instead of through the Preferred Lending Program (PLP). This causes major delays in lending, instead of the more streamlined PLP. After passage of the FY19 National Defense Authorization Act, it was our intention that these businesses would be eligible for the SBA 7(a) programs even though their unique ownership structure makes it impossible to have a single 10% equity injection for these loans.

As the country braces for the full impact COVID-19 will have on our future, ESOP's may not be able to survive this disaster if they are unable to receive federal aid. I am asking today for your urgent assistance as our nations small businesses prepare to respond to the coming economic crisis that will unfold from the COVID-19 pandemic. Small businesses will be better equipped to withstand the economic downturn by:

1. Making ESOP loans through the SBA 7(a) program immediately available through the Preferred Lending Program; and,
2. Eliminating the 10% investor equity injection requirement for ESOP loans.

These measures can help keep our businesses afloat as their income declines due to a reduction in customers or forced closures.

I urge you to consider all small businesses, traditionally operated or ESOP, as you begin economic stimulus measures to cushion the effects of COVID-19 on our economy.

Sincerely,



Kirsten Gillibrand
United States Senator

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