

April 3, 2020

The Honorable Steven T. Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Ave., NW
Washington, DC 20220

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

Dear Secretary Mnuchin and Administrator Carranza:

On behalf of our 163,000 members, the American Dental Association is writing to raise strong concerns with the Small Business Administration's (SBA) interim final rule (Docket No. SBA-2020-0015) issued on April 2 with regard to the Business Loan Program Temporary Changes; Paycheck Protection Program.¹ We are concerned for our small business dental practice owners, that this interim final rule contradicts congressional intent of the CARES Act (PL 116-136) on how the Paycheck Protection Program (PPP) loans can be utilized alongside Economic Injury Disaster Loans (EIDL).²

Specifically, in section 2-r-vii of the interim final rule, it states that PPP loan proceeds are used for:

"If you received an SBA EIDL loan from January 31, 2020 through April 3, 2020, you can apply for a PPP loan. If your EIDL loan was not used for payroll costs, it does not affect your eligibility for a PPP loan. If your EIDL loan was used for payroll costs, your PPP loan must be used to refinance your EIDL loan. Proceeds from any advance up to \$10,000 on the EIDL loan will be deducted from the loan forgiveness amount on the PPP loan."

We seek additional clarification on whether Treasury and the SBA have decided to disallow any borrower that receives EIDL loan funds after April 3 from being able to apply for PPP loans. We do not believe this is the intention of the law. We also feel strongly that SBA should have made this potential disqualification clear to EIDL loan applicants before and during the loan application process. Further, many EIDL loan applicants are still awaiting funds they applied for days ago and are not likely to **receive** those EIDL loan funds before April 3.

We also seek clarification on this interim rule where it outlines that the PPP and EIDL loans are not to be used concurrently for the same purpose. We believe that EIDL loans received in March could be used for payroll costs in that month, and PPP loans could be used for payroll costs in April and for future months, and this would not violate the terms set forth in the loan forgiveness provisions of the CARES Act.

¹ U.S. Small Business Administration, [Interim Final Rule, Paycheck Protection Program](#), April 2, 2020.

² U.S. Senate Committee on Small Business and Entrepreneurship, [The Small Business Owner's Guide to the CARES Act](#). March 2020.

April 3, 2020
Page 2

We are strongly recommending that the SBA work with Treasury to change the interim rule to clearly indicate that entities can apply for both loans and that they are still eligible to apply for both even if EIDL loan funds are received after April 3. This would ensure that SBA and Treasury are following the congressional intent of the Members that crafted CARES, as is illustrated in the resource provided below.³ Not doing so will adversely impact hundreds of thousands, if not millions, of small businesses that followed the law with the intention of applying for both loans.

We would welcome the opportunity to speak with you in more detail and answer any questions you have regarding these comments. Please contact Megan Mortimer at mortimerm@ada.org or (202) 701-9593 to facilitate further discussions.

Sincerely,

Chad P. Gehani, D.D.S.
President

Kathleen T. O'Loughlin, D.M.D., M.P.H.
Executive Director

CPG:KTO:mm

³ U.S. Senate Committee on Small Business and Entrepreneurship, The Small Business Owner's Guide to the CARES Act. March 2020.