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CONFIDENTIAL

October 2, 2020

The Honorable James E. Clyburn
Chairman
Select Subcommittee on the Coronavirus Crisis
United States House of Representatives
Washington, D.C. 20515

The Honorable Nadia M. Velázquez
Chairwoman
Committee on Small Business
United States House of Representatives
Washington, D.C. 20515

The Honorable Steve Scalise
Ranking Member
Select Subcommittee on the Coronavirus Crisis
United States House of Representatives
Washington, D.C. 20515

The Honorable Steve Chabot
Ranking Member
Committee on Small Business
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Clyburn, Chairwoman Velázquez, and Members of the Committees:

I write on behalf of RER Solutions, Inc. ("RER") to provide additional information requested during and after the briefing Ms. Errin Green provided to your staffs on August 13, 2020. During that briefing, Ms. Green walked the staff through a presentation regarding RER Solutions' efforts—under enormous time pressure—to provide an effective solution that would enable the Small Business Administration to administer critical coronavirus crisis relief funding.

Prior to that briefing, RER produced a number of documents responsive to the Committees' document requests. These included documents regarding Ms. Green's 8(a) certification, RER's past performance on government contracts, the contracting proposals and documentation relating to the original Small Business Administration ("SBA") Office of Disaster Assistance ("ODA") disaster relief contract, and relating to the COVID-19 disaster relief loan processing task order added to that ODA contract.

RER and Ms. Green wholly support the Committees' efforts to ensure that the EIDL program works fairly and efficiently to meet the needs of small businesses facing the exceptional challenges

of the global pandemic. As you know, the RER-Rocket Team has served and continues to serve an integral role in SBA's pandemic disaster relief efforts, processing over 12 million loan applications and helping the SBA to disburse $20 billion in EIDL advances and $180 billion in EIDL loans. RER appreciates the opportunity to provide the Committees with additional information on this important program.

This letter addresses three points the Committees' staff raised during and after the August briefing. *First*, it discusses the RER-Rocket Team's 2018 technical proposal for the ODA disaster relief loan processing contract. Ms. Green referenced this document, previously produced at Bates number RER_0000029, during the briefing in describing the division of roles and responsibilities among the RER-Rocket Team. Pursuant to the Committee staffs' request, this letter describes in greater detail the information contained in that document. *Second*, this letter describes the RER-Rocket Team's work under the COVID-19 task order added to the disaster relief contract in March 2020, in response to the Committees' request for additional information regarding the division of roles and responsibilities from March 2020 to the present. *Third*, RER produces as an enclosure to this letter the most recent modification of the COVID-19 task order, issued on August 12, 2020, and responds to the Committees' questions regarding that contract modification.

RER-Rocket Team's 2018 Disaster Relief Technical Proposal

RER, an SBA-certified 8(a) and Woman-Owned Small Business, has provided financial advisory and business consulting services to the federal government since 1989. RER has special expertise in loan due diligence and underwriting, and has provided loan recommendation support to lending programs at SBA, the Department of Energy, the Army, and other federal government clients.

In 2018, RER leveraged that experience in partnership with RocketLoans ("Rocket"), a Quicken Loans sister company, to create a cutting edge loan recommendation system in response to a request for proposals from SBA's Office of Disaster Assistance. Rocket contributed its unique lending platform and data analytic capabilities, and integrated its platform and capabilities with RER's expertise developing business rules and decisional criteria, which allowed the team to offer a highly automated decisioning system that was flexible and scalable to meet the unpredictable challenges presented by natural disasters and other crises under ODA's purview.

During her August 13, 2020 briefing of the staff, Ms. Green referenced a sixty-plus-page document that sets forth the roles and responsibilities of the RER-Rocket Team. That document, previously produced at Bates number RER_0000029, is the RER-Rocket Team's October 4, 2018 "indefinite quantity/indefinite duration" ("IDIQ") Technical Proposal for Solicitation No. 73351018R0010. It describes the mechanics of the RER-Rocket Team's approach to loan processing and loan recommendations, as well as the breakdown of roles and responsibilities between RER and Rocket to accomplish the loan processing and recommendation tasks required by the SBA.

As the Technical Proposal indicates, the RER-Rocket Team functions as one unit to perform the work required. As the prime contractor, RER has responsibility for and leads all major task areas: Program Management, Credit Policy, Quality Control, Data Analytics, Technology Integration, and Change Management. Rocket as RER's subcontractor provides the software platform for loan data intake and analysis to support RER's loan decisioning capacity. In addition to managing and maintaining the software platform, Rocket also provides key support in Compliance and Data Analytics and Risk. *See* RER_0000029 at RER_0000048-49.

Additional detail is available in the document regarding the roles and responsibilities of RER and Rocket, indicating a division of responsibilities that reflects the relative areas of expertise of RER and Rocket, and that was designed to promote efficient tasking with a lean, cost-efficient staffing model. The resumes of key personnel in each task area are also included in the Technical Proposal. *See* RER_0000029 at RER_0000070-95.

Task Order 2: COVID-19 Disaster Relief

The RER-Rocket Team made a remarkable effort to address the needs of SBA and the small business community during the pandemic. As the Committees are aware, the RER-Rocket Team began processing loans and making loan recommendations for ODA pursuant to the Team's successful Technical Proposal in April 2019. Less than a year into the RER-Rocket Team's performance under its contract with ODA, the COVID-19 pandemic presented a significant, nationwide threat to public health and to the U.S. economy. In order to meet that threat head-on, on or around March 17, 2020, SBA reached out to RER and Rocket to determine whether and how the existing ODA contract vehicle could be expanded in order for the RER-Rocket Team to support and facilitate SBA's COVID-related disaster response.

On March 21, 2020, the RER-Rocket Team began working to create the new EIDL application portal, with the goals of having an intake portal for loan applications ready for use within nine days, and of being ready to provide loan recommendations in the first week of April. On March 28, 2020, at SBA's request, RER submitted a proposal for the coronavirus relief work, previously produced at Bates number RER_000001. The very next day, and in keeping with that proposal, SBA awarded to the RER-Rocket Team Task Order 2 to the ODA contract, enabling the Team to begin accepting applications for EIDL loans and advances that same day. The RER-Rocket Team began processing loans on April 6, 2020, as soon as the SBA completed the process of making policy decisions regarding underwriting that enabled the Team to do so. By the time the RER-Rocket Team received SBA approval to begin processing loan applications, over 4 million applications had already been submitted for processing.

The RER-Rocket Team performed their work in a manner that reduced the burden on taxpayers. Although the original ODA contract was an IDIQ contract, the RER-Rocket Team undertook to accomplish Task Order 2, the COVID-19 relief loan processing task, on a firm fixed price ("FFP")

basis. This meant that loans applications were processed at a set, discounted rate per loan application, far lower than commercial underwriting rates. *See* RER_000001 at RER_000003, RER_000006. In addition, the RER-Rocket Team agreed to cap the firm fixed price fees, in order to provide the SBA with predictability in the midst of a rapidly evolving crisis. *See id*. The RER-Rocket Team also processed applications for advances, charging no additional fees for that work.

The RER-Rocket Team's solution was effective, efficient, and highly cost-effective. As Ms. Green mentioned to the staffs at her August briefing, the ultimate cost to the taxpayers per approved loan processed by the RER-Rocket Team was approximately $167. This cost is far below the approximately $2200 per loan associated with Wells Fargo's loan processing in connection with the Paycheck Protection Program, or the approximately $4400 per loan associated with SBA's own processing of disaster assistance loans in the wake of Hurricanes Harvey, Irma, and Maria.

Throughout the spring and summer, the RER-Rocket Team and SBA worked at a breakneck pace to process critical small business advances and loans as efficiently as possible to provide the greatly needed relief Congress sought to provide under the CARES Act and the Paycheck Protection Program. By April 10, 2020, the EIDL program had received over 4.5 million applications through the EIDL portal. By July 23, 2020, that number had ballooned to over 12 million applications for loans and advances. As those loan and advance applications continued to pour in, exceeding the numbers that the RER-Rocket Team was contracted to process, SBA issued several modifications to the contract, raising the contractual FFP caps, in order to authorize RER to take on the exceptionally high volumes of loan applications SBA was receiving.

While the order of magnitude of the work performed by the RER-Rocket Team expanded considerably, the Team's technical approach and roles and responsibilities in performing that work remained the same as under the original contract. As originally proposed, RER continued to provide Project Management, and to lead the Team's efforts on Credit Policy, Quality Control, Data Analytics, Technology Integration, and Change Management. Rocket, assisted by its sub-subcontractor Rapid Finance, worked to provide a secure, efficient, and highly scalable software platform for loan processing and data analytics. *See* RER_000001 at RER_000004.

The Committees requested that RER provide information on month-by-month headcounts for the RER-Rocket Team from March 2020 to the present. RER can confirm that, because this is a FFP contract, RER does not track performance in terms of headcount, and therefore cannot provide data on that subject. RER does not know whether Rocket or Rapid tracks headcount on this or other FFP contracts.

The RER-Rocket-Rapid Team has proven highly successful in processing loan applications efficiently in order to provide loan decisioning on millions of loans to SBA in a compressed timeframe. To date, the Team has assisted the SBA in processing well over 12 million loan

applications, and has made it possible for approximately $200 billion of relief to be delivered to small businesses and individuals in the form of loans or advances.

August 12, 2020 Contract Modification

As discussed at the August 13, 2020 briefing, SBA recently issued another modification to the contract with RER. As requested following the briefing, that modification is produced as an enclosure to this letter, and RER provides the following additional information: *First*, the modification extends the period of performance through June 20, 2021, and increases the number of loan applications to be processed to a total of 20 million. Accordingly, it increases the FFP cap from $500M to $750M. There is no other change to the scope of work to be performed by the RER-Rocket Team under the new contract modification. *Second*, RER is not aware of or anticipating any further contract modifications or amendments at this time.

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Please note that this letter is labeled "Confidential." The letter contains sensitive commercial information related to RER's current and/or future commercial operations. I respectfully request that this information be treated as confidential and protected from disclosure in accordance with all applicable laws and regulations, and that prior to any disclosure you provide us with notice and an opportunity to assert any applicable privileges.

Thank you for the opportunity to provide information to the Committees on this important matter.

Sincerely,

W. Neil Eggleston

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