

July 20, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
Washington, DC 20510

Dear Leader McConnell and Leader Schumer:

On behalf of the American Financial Services Association (AFSA), thank you for your efforts in continuing to provide relief to millions of Americans struggling with the COVID-19 pandemic. AFSA is the national trade association for the consumer credit industry, protecting access to credit and consumer choice; the industry is working overtime to assist in this time of great need. AFSA members provide consumers with many kinds of credit, including traditional installment loans, mortgages, direct and indirect vehicle financing, payment cards, and retail sales finance. Many AFSA members are “main street” businesses.

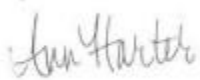
As the Senate prepares to take up additional stimulus legislation, AFSA would like to respectfully request the following measures to better aid the financial services sector in helping Americans recover from the pandemic.

- **Apply relief from the Current Expected Credit Loss (CECL) standard for the entire financial sector.** CECL requires financial institutions to account for the expected, life-time losses of a loan and reserve cash for those losses at the time of origination. Under this standard, installment lending and vehicle finance companies would have to estimate for losses on loans and set aside that estimated amount in cash, funds that might otherwise be used as loans to consumers to cover those estimated losses. The CECL standard imposes an onerous and expensive accounting process on businesses and ultimately harms consumers by limiting their access to credit. Congress delayed the implementation of CECL for the banking industry and now should expand it to include installment lenders and vehicle finance companies.
- **Ensure businesses such as finance companies are eligible for the Paycheck Protection Program (PPP).** Small finance companies, like other small businesses, want to keep their hard-working employees on the payroll, yet there has been confusion around their eligibility for the Small Business Administration’s PPP loans. Please clarify that these essential companies are able to apply for any additional PPP funds that may be made available and that PPP loans they may have obtained are eligible for loan forgiveness.
- **Allow finance companies to use the Main Street Lending Program (MSLP).** MSLP was designed to provide relief to small and mid-sized businesses. As such, it is unclear why certain industries have been disqualified from the program, particularly because the Department of Homeland Security classified these businesses as essential. For no apparent reason, finance companies are ineligible to participate in the MSLP. Congress should instruct the Federal Reserve to designate state-licensed and -regulated finance companies, including vehicle finance companies, credit card issuers, and traditional installment lenders, as eligible businesses.
- **Exclude harmful credit provisions that would actually limit consumers’ ability to access credit.** Arbitrary rate caps would actually drive up costs for consumers, as businesses would be forced to lend higher amounts, causing customers to acquire more debt than needed or intended. If debt collection provisions are too onerous, only the most credit-worthy borrowers would be able to obtain loans, as lenders would be unable to collect on many other loans. Furthermore, including credit reporting restrictions would lead to inaccurate reporting of information. This in turn could result in consumers obtaining loans that they cannot afford.

- **Update the Term-Asset Backed Securities Loan Facility (TALF) program.** The economic uncertainty of the partial shutdown of the economy to protect America from COVID-19 is affecting the capital markets and impeding the regular flow of capital from global investors and money managers to non-bank lenders and ultimately to everyday Americans. American families seeking credit for necessary expenditures are among the groups most affected by this credit market dislocation. Expanding TALF will help American consumers by making credit more readily available, providing liquidity to the market, and improving market conditions.
- **Support the inclusion of the Securing and Enabling Commerce Using Remote and Electronic Notarization Act (SECURE Notarization Act).** This bipartisan legislation would permit the use of Remote Online Notarization (RON) technology, which will allow a public notary and signer to complete essential documents using audio-visual communications in separate locations. Given the unexpected need for social distancing during the COVID-19 pandemic, the use of RON technology can assist consumers and businesses in remotely executing notarized documents such as real estate loans or auto financing and lending transactions.
- **Assist the military under the Servicemembers Civil Relief Act (SCRA) with clear provisions.** Bills pending in both Chambers would extend lease protections for servicemembers under stop movement orders in response to a local, national, or global emergency; and to provide for the termination of leases for servicemembers who incur catastrophic injury or illness or die while in military service. AFSA supports these provisions and its member companies already work with military families on these issues on a voluntary basis. Clarification to these bills would better help AFSA members serve their military customers.
- **Any relief applicable to small businesses should be applicable to all small businesses.** If the Senate provides language assisting small businesses as they struggle with the pandemic, any and all small businesses should be eligible to participate. Particularly since DHS has deemed many small businesses, including finance companies, as essential, any such small businesses should be able to participate fully in receiving relief that Congress provides.

We appreciate your efforts to provide relief to millions of Americans grappling with the pandemic and its economic effects. Thank you for your work on these matters, and please do not hesitate to contact me if we can be of assistance to you or your staff.

Sincerely,



Ann Harter
 Vice President, Congressional Affairs
 American Financial Services Association