

April 21, 2021

The Honorable Isabella Casillas Guzman
SBA Administrator
U.S. Small Business Administration
409 3rd St, SW
Washington DC 20416

Re: Business Loan Program Temporary Changes; Paycheck Protection Program as Amended by American Rescue Plan Act (Docket Number: SBA–2021–0013)

Dear Administrator Guzman:

The American Financial Services Association (AFSA)¹ appreciates the Small Business Administration’s (SBA) hard work over the last year assisting small businesses who have been struggling as a result of the pandemic. AFSA supports the March 2021 Interim Final Rule implementing the changes made by the American Rescue Plan to the Paycheck Protection Program (PPP).

Our letter focuses on PPP eligibility, specifically: (1) agreeing that all small businesses are eligible for PPP loans, and (2) asking that the SBA clarify that financial institutions are eligible for PPP loans.

I. All Small Businesses Are Eligible for PPP

AFSA is pleased that the SBA states clearly in the March 2021 Interim Final Rule that a business is eligible for the PPP if it is, “A small business concern under the applicable revenue-based size standard established by SBA in 13 CFR 121.201 for ... industry or under the SBA alternatives size standard.”² We agree that this provision implements the letter and the spirit of the PPP.

Furthermore, we encourage the SBA to ensure that its staff is aware that all legitimate small businesses, regardless of what industry they are in, are eligible for PPP loan forgiveness. In other words, if a financial institution meets the SBA’s definition of a small business, received a PPP loan, and used its PPP loan as specified by the SBA, it should be granted loan forgiveness.

II. Financial Institutions Are Eligible for PPP

AFSA urges the SBA to clarify that financial institutions are eligible for the PPP and for loan forgiveness. provided that they met the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) requirements.

¹ Founded in 1916, AFSA is the national trade association for the consumer credit industry, protecting access to credit and consumer choice. 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.

² 86 Fed. Reg. 15,085 (March 22, 2021).

The CARES Act states that any business with under 500 employees is eligible for PPP loans. Despite Congress's clear intent, in mid-April last year the SBA adopted a narrower interpretation, thereby resulting in some SBA lenders questioning the eligibility of vital businesses, such as installment lenders and vehicle finance companies. Some of these financial institutions have been told that they are not eligible for loan forgiveness, although others have been granted loan forgiveness.

Like other small businesses, many state-licensed and state-regulated installment lenders and vehicle finance companies used PPP funds to keep the lights on and pay their employees. Traditional installment lenders provide loans to individuals and families. Their customers are medical technicians, teachers, lawn-service employees, lawyers, stay-at-home parents, childcare workers, and farmers. In short, they are Americans of almost all walks of life and socioeconomic classes.

Similarly, vehicle finance companies help increase levels of financial inclusion and mobility. Vehicle ownership increases the number of jobs available to an individual and provide job stability, as well as assisting with day-to-day tasks that are much more difficult without a car, particularly during a pandemic.

In fact, these businesses are so important, the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency (CISA) deemed "financial services and lending services" to be a vital component in the nation's critical infrastructure at the onset of the pandemic.³

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Thank you for all you have done for America's small businesses during this challenging time. To recap, we believe that all legitimate small businesses, regarding of industry, are eligible for PPP loan forgiveness. We also encourage the SBA's support of PPP loan forgiveness for installment lenders and vehicle finance companies that have fewer than 500 employees. Please do not hesitate to contact me at 202-776-7300 or cwinslow@afsamail.org with any questions.

Sincerely,



Celia Winslow
Senior Vice President
American Financial Services Association

³ Krebs, Christopher C. (CISA Director), *Advisory Memorandum on Identification of Essential Critical Infrastructure Workers During COVID-19 Response*. U.S. Dept. of Homeland Security. May 19, 2020. Available at: [Guidance on the Essential Critical Infrastructure Workforce: Ensuring Community and National Resilience in COVID-19 Response Version 3.1](#)