

May 18, 2021

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

Re: Paycheck Protection Program Loan Forgiveness

Dear Administrator Guzman:

The American Financial Services Association (AFSA)¹ appreciates the Small Business Administration's (SBA) hard work over the last year assisting businesses who have been struggling as a result of the pandemic. The Paycheck Protection Program (PPP) has kept so many businesses, including many of AFSA's members, afloat during this difficult time.

Now, we're urging the SBA to make it clear that finance companies are eligible for PPP loan forgiveness, as directed by Congress. AFSA's members, like so many businesses across the country, faced sudden and dramatic revenue shortfalls last year. Instead of furloughing staff, those businesses with fewer than 500 employees applied for – and got – loans through the PPP. AFSA members took these loans with the understanding that the loans would be forgiven, provided that the companies followed the PPP guidelines. Our members, who are state-licensed and state-regulated installment lenders and vehicle finance companies, used the PPP money to cover payroll costs, as prescribed by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

At this time, these businesses are applying for PPP loan forgiveness. However, and contrary to the will of Congress, many of their applications for forgiveness are being denied. Under normal circumstances, our members do not qualify for SBA loans, but these are not normal times, and the PPP is a different program than the SBA's 7(a) program, with different objectives and criteria. The SBA *must* fulfill Congress' mandate and clarify that finance companies, particularly vehicle finance companies and installment lenders, are eligible for PPP loan forgiveness.

The CARES Act states that any business with under 500 employees is eligible for PPP loans. Despite Congress' 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.

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.

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.

Similarly, vehicle finance companies help increase levels of financial inclusion and mobility. Vehicle ownership increases the number of jobs available to an individual and provides 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.²

All sorts of entities who are not generally eligible for SBA loans, such as casinos and lobbying firms, are eligible for PPP loans. We urge SBA to make it clear that finance companies who meet the CARES Act requirements be granted PPP loan forgiveness. Thank you for all you have done for America's small businesses during this challenging time. 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

² 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](#)