



FINANCIAL SERVICE CENTERS OF AMERICA, INC.  
A NATIONAL TRADE ASSOCIATION

April 7, 2020

The Honorable Steven Mnuchin  
Secretary of the Treasury  
United States Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

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

***RE: Business Loan Program Temporary Changes to Paycheck Protection Program Re. Affiliation Rules; Docket No. SBA-2020-[ ]***

Dear Secretary Mnuchin and Administrator Carranza:

This letter is submitted on behalf of the Community Financial Services Association of America (CFSA)<sup>1</sup> and Financial Service Centers of America, Inc. (FiSCA)<sup>2</sup>, both national trade associations representing financial services businesses in communities throughout the country. We are writing with regard to the second Interim Final Rule (the “Rule”) issued by the U.S. Small Business Administration on April 3, 2020, which relates to the applicability of the small business affiliation rules.

This Rule would serve to eliminate the ability of small businesses throughout numerous industries to qualify for loans under the Paycheck Protection Program (“PPP”) created by the CARES Act. This Rule will have a devastating impact on small businesses that have remained open and operating and that continue to provide critical financial services during the COVID-19 emergency, and their employees. Accordingly, we are respectfully requesting that this Rule not be submitted for publication in the Federal Register or, in the alternative, be immediately rescinded or modified to remove the provisions applying the affiliation rules.

As you know, the CARES Act left the affiliation rules of 13 C.F.R. § 121.301 in place for most entities, waiving the affiliation rules only for franchisees and certain other business types. Though the SBA agreed to clarify the applicability of these rules, and had the opportunity to fairly apply a waiver of the affiliation rules across the marketplace, its Interim Final Rule unfortunately leaves the affiliation rules in place for most businesses, providing selective waivers

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<sup>1</sup> CFSA’s member companies represent approximately half of all traditional small-dollar loan storefronts across the country, in more than 30 states. CFSA members provide credit to more than 19 million households, as well as a wide range of other financial products and services, including check cashing, installment and auto title loans, prepaid debit cards, as well as bill payment and tax preparation services. CFSA members’ storefront locations put us in the heart of many financially underserved communities.

<sup>2</sup> FiSCA represents more than 4,000 neighborhood financial service center locations throughout the U.S. offering a wide array of regulated financial products and services, including check cashing, money orders, electronic bill payments, money transfers, ATM access, government benefit and payroll payments, tax preparation, prepaid debit cards, deposit acceptance services, and small dollar loans where permitted by state law.

only. For example, the SBA's guidance provides that religious institutions be exempted from the affiliation rules. A broader exemption is warranted.

As a result of its application of the affiliation rules, this Interim Final Rule would prohibit many of our members from qualifying for loans under the PPP. Members of our two associations are all licensed and regulated non-depository financial businesses that offer important financial services and products to millions of Americans every year. Our members have been deemed to be "essential" businesses by governors and regulators throughout the country and are part of the financial services sector identified as Critical Infrastructure by the Department of Homeland Security. By remaining open and operating throughout the COVID-19 emergency, our members have fully embraced President Trump's guidance that "if you work in a critical infrastructure sector, as defined by the Department of Homeland Security, you have a special responsibility to maintain your normal work schedule."

Many CFSA and FiSCA members have remained open and operating throughout the COVID-19 emergency and continue to deliver critical financial services to millions of Americans. Without these providers of credit and other financial services, millions of Americans could not access their wages, benefits, and other funds, and would be unable to pay bills such as rent and utilities, and to buy essentials such as groceries. Our members have endeavored to stay open to serve customers while adhering to CDC and other public health guidelines.

PPP loans were designed to be a lifeline for ALL small businesses. Yet, the SBA guidance serves to limit this important program's applicability and excludes many small businesses nationwide.

We recognize that the PPP program is a "first-come, first-served" program and, therefore, timing is critical. Waiting for the SBA to consider comments to the Interim Rule is simply not an option. Accordingly, we are requesting that the Interim Final Rule be immediately withdrawn prior to publication in the Federal Register or that it be suspended or modified to waive the affiliation rules so more small businesses may qualify for the PPP loans.

Thank you for your consideration. We are available to your staff if you require anything further in this regard.

Sincerely,

COMMUNITY FINANCIAL SERVICES  
ASSOCIATION OF AMERICA



D. Lynn DeVault  
Chair, Board of Directors

FINANCIAL SERVICE CENTERS  
OF AMERICA



Ed D'Alessio  
Executive Director

cc: Senate Small Business and Entrepreneurship Chairman Marco Rubio  
Senate Small Business and Entrepreneurship Ranking Member Benjamin Cardin  
House Small Business Chairwoman Nydia Velázquez  
House Small Business Ranking Member Steve Chabot