March 6, 2020

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

Re: Request to Suspend Implementation of Interim Final Rule – Express Loan Programs; Affiliation Standards

Dear Administrator Carranza:

This letter is not intended as, and we request that it not be treated as, a comment letter submitted in response to the Interim Final Rule and Request for Comments issued on February 10, 2020.

We are writing, instead, to urge you to act on an emergency basis to immediately suspend implementation of virtually all the regulatory amendments contained in the Interim Final Rule which currently has an effective date of next Wednesday, March 11, 2020 (with compliance deferred until October 1, 2020 on two provisions). We are excepting from this request those provisions related to the SBA Express and Export Express Loan Programs. We believe that, because of their noncontroversial nature, it would be appropriate to allow those provisions to take effect on March 11, 2020, as planned.

We are urging this action because we believe the new regulations, coupled with the looming economic crisis occasioned by the impact of the Coronavirus [COVID-19], will have a detrimental impact on SBA-guaranteed financing at a time when America’s small businesses likely will need more, not less, access to capital in order to keep the national economy strong. Just this week, Congress and the President passed and signed a disaster package to include funding to stimulate the economy and provide small businesses greater access to capital. We believe the implementation of the Interim Final Rule will do just the opposite when small businesses can least afford it.

We have reached this conclusion after exhaustive discussions with a substantial number of the approximately 800 member entities of the National Association of Government Guaranteed
Lenders (NAGGL). Since February 10, 2020, the date of publication, NAGGL has discussed the Interim Final Rule with its members in various forums, including at the NAGGL Leadership Summit attended by over 100 lenders, during two online seminars attended by more than 300 lenders and other program participants, and in a significant number of one-on-one written and verbal exchanges with NAGGL members. As a result of this very robust dialog, we have concluded that implementation of the changes included in the Interim Final Rule could be devastating to the 7(a) program.

NAGGL will provide a comprehensive response to the agency on the entire Interim Final Rule prior to the close of the comment period. But, because many of the regulatory provisions will impose new, or will tighten existing, restrictions on program participants, for NAGGL members, at this point in time, the bottom line is that the regulatory amendments scheduled to take effect on Wednesday will impede their ability to make credit available to small businesses. Based on this feedback, we believe that it is appropriate for SBA to suspend implementation of the Interim Final Rule for whatever period is necessary for it to receive and consider comments in accordance with the request for comments, and to factor into its rulemaking process consideration of any impact that COVID-19 may have on the country’s overall economy and whatever steps may be taken to stimulate that economy.

During a time when the health of the nation’s people and its economy are potentially at serious risk, it just doesn’t make sense to implement rules that are destined to make less capital available to small businesses.

I appreciate your consideration of this critically important request and would welcome the opportunity to discuss it with you at your convenience.

Sincerely,

Anthony R Wilkinson
President & Chief Executive Officer

cc: William Manger, Associate Administrator, Office of Capital Access