



April 10, 2020

The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

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

Subject: Modifying Paycheck Protection Program Affiliate Rules to Help Small Businesses

Dear Secretary Mnuchin and Administrator Carranza:

The Financial Executives International (FEI)'s Private Companies Access to Capital and M&A Special Interest Group would like to thank you for your support of U.S. small businesses and their workers during this pandemic. FEI is a professional association representing approximately 10,000 C-level finance executives. Sixty percent of our members are affiliated with private companies. We greatly appreciate the passage of the Coronavirus Aid, Relief and Economic Security (CARES) Act and the quick actions of the Small Business Administration (SBA) to create a streamlined path for small businesses to act fast to safeguard their businesses and the jobs for countless Americans.

While many of our members have been able to apply for the Economic Injury Disaster Loan (EIDL) and for the Paycheck Protection Program (PPP), there are many companies that have not been able to take advantage of the programs simply because of the affiliate rules. We would like to propose following modifications to the affiliate rules in the CARES/PPP Act. We estimate that such modifications would protect 5 million to 10 million jobs. The proposal relaxes the affiliate guideline of PPP for **very small affiliated companies** by taking away the use of PPP loan to pay interest, by reducing the \$ amount per entity (from \$10 million to suggested \$5 million) and by taking away the 2-year loan provision.

The Affiliate Rule will not apply if a) the PPP loan is used only for wages, benefits, rent and utilities, b) the PPP loan is not used to pay interest or principal on existing or new debt, c) the PPP loan to a single entity cannot exceed \$5 Million, d) the amount of PPP loans that is not forgiven after the 8 week period is repaid within 90 days of the conclusion of the 8 week period, but no later than 9-30-2020, and, e) shareholders do not take dividends or any non-wage payments from the entity nor take wage increases until the loan is repaid or forgiven.

We appeal to you to explicitly allow such companies to take advantage of the opportunities provided by the CARES Act to safeguard countless American jobs and accelerate speedy economic recovery.

Sincerely,

Mike Adhikari, Chair
FEI Committee on Private Companies
Access to Capital and M&A Special Interest Group

For Additional Information please contact:

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