



500 New Jersey Avenue, N.W.  
Washington, DC 20001-2020  
202.383.1194 Fax 202.383.7580  
<https://www.NAR.realtor/political-advocacy/federal-advocacy>

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Chief Executive Officer

ADVOCACY GROUP  
William E. Malkasian  
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President

Shannon McGahn  
Senior Vice President Government  
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**HEARING BEFORE THE  
SENATE COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP**

**ENTITLED  
"IMPLEMENTATION OF TITLE I OF THE CARES ACT"**

**STATEMENT FOR THE RECORD OF  
THE NATIONAL ASSOCIATION OF REALTORS®**

**JUNE 10, 2020**

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On behalf of the 1.4 million members of the National Association of REALTORS® (NAR), thank you for holding today's hearing, "Implementation of Title I of the CARES Act." NAR's membership is comprised of many small business owners and independent contractors, and small businesses make up a large portion of NAR's commercial practitioner clientele. The small business provisions in the CARES Act – specifically, the Paycheck Protection Program and the Economic Injury Disaster Loan Advance Grants – have provided crucial assistance to small businesses and independent contractors to help them through these difficult times.

Public safety measures put in place to slow the spread of COVID-19 and stay-home orders around the country have resulted in thousands of small businesses closing or reducing their operations. According to a Small Business Pulse Survey conducted by the U.S. Census Bureau, more than half of respondents reported a large negative impact due to COVID-19, with an average of 31.4% expecting that it will take more than six months before their businesses return to normal.<sup>1</sup> Additionally, the Department of Labor reports that in April 2020 unemployment levels increased by 10.3% to 14.7% nationwide, the highest level and the largest single-month increase since it began collecting such data.<sup>2</sup> NAR's research team reports that between March and April 2020 there was a decrease of 29% in advance estimates for sales for restaurants and drinking establishments, and food service employment numbers were nearly cut in half in the month of April with only 6.3 million people employed in those fields.<sup>3</sup> These figures represent just a snapshot of the damage small businesses are suffering around the country. These businesses and their employees will need continued attention and assistance in the coming months, even after they are allowed to begin reopening.

We appreciate the work that Congress has done to address these issues and provide aid to small businesses and their employees, and for ensuring that independent contractors can access these programs thus far. The creation of the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) advance grants have been crucial sources of relief for those impacted. We are encouraged by the recent passage of the "PPP Flexibility Act," which improves the PPP loans by giving greater flexibility to recipients in how they can use the funds. Those adjustments – especially lowering the required amount that must go toward payroll from 75% to 60% and extending the time borrowers have to use the funds from 8- to 24-weeks - will increase the likelihood that businesses will be able to reopen and re-hire their employees when the crisis is over.

As many PPP borrowers approach the end of their covered period, it is also important that guidelines on forgiveness from the SBA and the Treasury Department are clear and consistent, and do not place undue burdens on the small business owners and independent contractors who received loans and followed the program's requirements in good faith. We appreciate the work that these agencies have done already to provide such guidance for loan

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<sup>1</sup> U.S. Census Bureau, May 14, 2020, "New Small Business Pulse Survey Shows Breadth of COVID-19 Impact on Businesses," <https://www.census.gov/library/stories/2020/05/new-small-business-pulse-survey-shows-breadth-of-covid-19-impact-on-businesses.html> (June 1, 2020).

<sup>2</sup> Bureau of Labor Statistics, U.S. Department of Labor, May 8, 2020 "The Employment Situation – April 2020," <https://www.bls.gov/news.release/pdf/empsit.pdf> (June 1, 2020).

<sup>3</sup> "Commercial Market Insights: Deliveries: Ghost Kitchens." June 2020. National Association of REALTORS® Research Group. <https://www.nar.realtor/sites/default/files/documents/2020-06-commercial-market-insights-deliveries-ghost-kitchens-06-05-2020.pdf>

recipients, and encourage them to continue working to make the loan forgiveness application and process as easy to administer as possible.

In addition to the SBA programs, the creation of the Main Street Lending Program through the Federal Reserve will be another important source of capital for small- and medium-sized businesses that were in sound financial condition before the onset of the pandemic. We appreciate the recent changes to the program to make it more accessible to businesses by lowering the minimum loan threshold to \$250,000, increasing the repayment terms from four to five years, and extending the initial repayment grace period from one to two years. These are all positive updates to the program which will result in more businesses benefiting from it and a stronger economic recovery. The Federal Reserve could further improve the program by removing entirely the minimum loan size, as the addition of a low-cost loan within the it for small businesses and nonprofits with no minimum loan size would expand the program's breadth and efficacy. Finally, the amortization terms should be relaxed, to provide for more flexible repayment options that better reflect the needs of the borrowers. As the nation begins to "reopen," businesses may open their doors again but it will be months before it's business as usual for many. The Main Street Lending Program can be an important bridge during that time, but it should be accessible to all businesses that meet its requirements, not just those that need at least a half-million dollars in loans.

Finally, as you look into the impact of this pandemic on small businesses around the country, we ask you to also consider 501(c)(6) organizations that have been affected. Currently these organizations are not eligible to apply for PPP loans, and many are struggling. These organizations employ thousands of people, and provide important services and support to their communities. They will play a crucial role in the economic recovery post-COVID-19 in this country, but in order to get there will need assistance as well.

Thank you again for your continued work on behalf of the small businesses and independent contractors who are struggling to survive this crisis, and for the assistance you have already provided to them.