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**HEARING BEFORE THE  
SENATE COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP**

**ENTITLED  
"PAYCHECK PROTECTION PROGRAM:  
LOAN FORGIVENESS AND OTHER CHALLENGES"**

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

**JUNE 17, 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, "Paycheck Protection Program: Loan Forgiveness and Other Challenges." 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. Now, attention must be turned to ensuring that those same small businesses and independent contractors are able to use PPP loans in a way that allows their businesses to eventually reopen, and to have eligible loans forgiven without going through an arduous forgiveness process.

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) has been especially important, although confusion when the program launched and overly-restrictive requirements for use of the funds kept some businesses from applying. For that reason, Congress should extend the PPP deadline past its current date (June 30), to allow those businesses who were wary of the program's earlier complications an opportunity to access the loans. 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 borrowers 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

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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>

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

In addition to clear forgiveness guidelines, Congress should enact legislation automatically forgiving all PPP loans under \$150,000. These borrowers represent independent contractors and the smallest of small businesses – the most vulnerable to the economic damage that COVID-19 is wreaking. For example, an independent contractor can receive a max PPP loan amount of \$20,833 – based on having net earnings of \$100,000 in 2019, which is much higher than the average. These borrowers would struggle to afford an attorney and/or CPA to assist them with the forgiveness application, undermining the purpose of PPP in the first place. Automatically forgiving those small loans is a common-sense solution to that issue, and an easy step Congress can take to further assist those businesses.

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.