NATIONAL ASSOCIATION OF REALTORS®

Vince Malta
2020 President

Bob Goldberg
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May 8, 2020

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
1236 Longworth House Office Building
Washington, DC 20515

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
2468 Rayburn House Office Building
Washington, DC 20515

The Honorable Mitch McConnell
Republican Leader
U.S. Senate
317 Russell Senate Office Building
Washington, DC 20510

The Honorable Charles E. Schumer
Democratic Leader
U.S. Senate
322 Hart Senate Office Building
Washington, D.C. 20510

Dear Speaker Pelosi, Leader McCarthy, Leader McConnell, and Leader Schumer:

On behalf of the more than 1.4 million members of the National Association of REALTORS®, thank you for your work through the CARES Act and subsequent relief packages to assist small businesses and independent contractors during the COVID-19 disaster.

The creation of the Small Business Administration "Paycheck Protection Program" (PPP) has been especially important as a lifeline for businesses forced to slow or completely cease operations to protect the public's safety. Implementation challenges are to be expected with any relief program of this magnitude, and the SBA has taken certain steps to restrict the program in order to accommodate a greater number of borrowers. However, some of these limitations are outside the scope of the language of the CARES Act, and there is concern that future rulemaking from the SBA and the Treasury Department on the loans' forgiveness requirements may actually be harmful to the small businesses and independent contractors that the program is intended to help.

Congress should provide additional clarity on PPP loans, specifically on forgiveness requirements, so businesses that have received a PPP loan or are considering applying for one fully understand the program's parameters. Crucially, forgiveness requirements should provide flexibility for borrowers, recognizing the varied circumstances that different business models will face and the fact that they need to prepare for continued loss of business well past the eight-week period a PPP loan covers. Specifically:

- Forgiveness should not be tied to a specific drop in revenue during the covered period, but rather to business activity. For example, a real estate professional may collect commissions in April or May of this year from deals that closed prior to the COVID-19 crisis, but see a reduction or complete stop in new real estate transactions since then. Their balance sheets may technically not reflect a loss in revenue *yet*, but they will in the coming weeks and months.

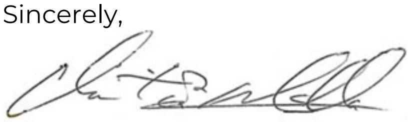
- Businesses should not be required to exhaust all reserve funds before applying for a PPP loan. The economic impact of COVID-19 will go far beyond an eight-week period between February and June of this year, and will continue even after businesses are allowed to resume operations. In addition, it was exceedingly emphasized and publicized that businesses should act quickly to apply due to the limited funding and high-demand, and as a result, many recipients may have received PPP loans before their reserves were seriously impacted. Keeping some liquidity to protect their business and employees *after* the eight-week period covered by the PPP loan is a responsible business choice, and borrowers should not be penalized for doing so, especially as these requirements were not specified before the program opened for applicants.
- The Treasury's requirement that businesses use 75% of the total loan amount for payroll costs to qualify for forgiveness presents many business owners with a challenge. Allocating that much of the loan for payroll costs may keep their employees paid for eight-weeks, but the remaining 25% is unlikely to be enough to cover 2 months of rent/mortgage interest, utility costs, and other business expenses. Giving business owners more flexibility in how they spend PPP loans will help more of them stay in business long-term, protecting those jobs well beyond the eight-week period they cover.

The PPP loan program has provided hope and assistance to millions of small businesses and independent contractors during these difficult times. However, it has also presented challenges to applicants attempting to navigate a complicated system before clearly defined rules have been released. It is not in the spirit of PPP loans or the CARES Act to first offer assistance to small businesses and independent contractors in need and then, more than a month later, lay down onerous and opaque requirements for forgiveness. Doing so will create an additional burden for businesses already stretched to their breaking point, and undermine the efficacy of a program that was meant to be a lifeline for them.

Finally, as you consider ways to improve PPP loans and other avenues of relief for small businesses during this crisis, we urge you to remember that 501(c)(6) organizations are also impacted, but have been thus far been ineligible for the PPP. These organizations employee 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 many will need assistance as well. Allowing 501(c)(6) organizations access to PPP loans or creating a separate aid offering for them should be a top priority of Congress in the next relief package.

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.

Sincerely,



Vince Malta
2020 President, National Association of REALTORS®

cc: United States House of Representatives
United States Senate
United States House of Representatives Committee on Small Business
United States Senate Committee on Small Business & Entrepreneurship