

December 4, 2020

Charlie Oppler
2021 President

Bob Goldberg
Chief Executive Officer

ADVOCACY GROUP

Shannon McGahn
Chief Advocacy Officer

United States Senate
Washington, D.C. 20510

Dear Senator:

The 1.4 million members of the National Association of REALTORS® ask for your support to protect small businesses, housing stability, and the real estate sector as businesses, families and our economy continue to be impacted by the Coronavirus pandemic. The National Association of REALTORS® strongly urges you to address the following priorities:

- Federal Rental Assistance
- Credit Reporting Protection
- PPP Forgiveness and Tax Deductibility
- Liability Protection
- Regulatory Reform
- Unemployment Assistance
- Remote Online Notarization
- Broadband Expansion
- State and Local Assistance
- Commercial Real Estate Relief

Housing Stability/Rental Assistance

Without immediate rental assistance, millions of American families will lose their homes, and millions of small property owners will lose their investments. Moody's research estimates that more than \$70 billion dollars in unpaid rent will be due on January 1. Tenants who have been unable to pay their rent during this time will not be able to make up those debts. Property owners who have lost out on rental revenue for many months will struggle to make ends meet and pay their obligations for mortgages, insurance, taxes and maintenance – aside from the personal income they need for their own families' sufficiency. The only answer is a robust federal rental assistance program that allows housing providers, as well as residents, to apply for assistance to pay the rent. Most troubled residents are struggling with many issues related to COVID – including unemployment, schooling for their children, and caring for family members. Requiring them to fill out significant paperwork in order to get rental assistance, will only add to their burdens. Housing providers should be allowed to apply for rental assistance on their behalf, providing the CDC declaration, or other appropriate paperwork. Only then will our rental housing markets see relief.

In addition, we need to be sure that homeowners who have or will seek forbearance, receive appropriate relief. Today, less than 7% of mortgages are in forbearance but that number represents more than 3.4 million homeowners. We need to ensure that families who are exiting forbearance have all the options explained to them. If they are unable to resume their



payments, foreclosure should not be the immediate answer. Traditional sales should be an option for most, but for others who remain in distress, short sales or deeds-in-lieu are often the best option. For those who successfully exit forbearance, and resume regular payments, the CARES Act was intended to protect their credit rating. However, we have heard numerous anecdotes that give concern that inaccurate reporting may still be occurring. We urge you to provide further language to protect the access to credit of borrowers who are affected by the pandemic and receive or inquire about support options.

Small Business Relief

The Small Business Administration's Paycheck Protection Program (PPP) provided a lifeline to thousands of small businesses in the U.S. during the COVID-19 pandemic, but in order for it to deliver fully on its promise the forgiveness process must be transparent and straightforward. PPP loans provide crucial assistance to small businesses and independent contractors impacted by the pandemic, allowing them to keep employees paid and meet other debt obligations. However, the program is complicated, and applications for forgiveness represent a challenge to many borrowers who have not needed to seek aid in the past and do not have accountants or attorneys on staff to assist them. We urge you to pass S. 4117 – the Paycheck Protection Small Business Forgiveness Act, which would forgive PPP loans below \$150,000 if the borrower submits a one-page form self-certifying their compliance with the program's requirements.

In addition, we urge Congress to pass legislation before the end of the year that includes a technical correction addressing the tax treatment of loan forgiveness under the Paycheck Protection Program (PPP). Despite the clear intent from Congress, the IRS recently ruled that that "no deduction is allowed under the Internal Revenue Code...if the payment of the expense results in forgiveness of a covered loan pursuant to section 1106(b) of the [CARES Act]." This is in direct conflict of language in the CARES Act that stated that any portion of a PPP loan that qualified for loan forgiveness "shall be excluded from gross income" for tax purposes. If uncorrected, troubled small businesses could see a tax increase of up to 37% when they file their 2020 taxes. We urge you to overturn this egregious ruling.

Businesses of all sizes continue to face unforeseen circumstances due to the constantly changing pandemic environment, which are exacerbated by fluctuating state and local shutdown guidelines. Business owners and operators would welcome narrowly tailored liability protections that ensure their good faith efforts to restart businesses are not in vain, as litigation and associated legal costs could devastate businesses fighting to keep their doors open. As businesses expend their financial reserves and workers remain committed to providing essential services, limited liability protections would offer welcomed assurances that operations are safeguarded from unfounded lawsuits threatening business sustainability in the long-term. Such protections should also be extended to independent contractors, who will be crucial to the nation's economic recovery.

As businesses and non-profit organizations are overwhelmed with pandemic response efforts to sustain their businesses, these organizations should also not be forced to examine and prepare for major regulatory overhauls at this time. As such, Congress should use every tool at their disposal to ensure recent proposed and final regulations do not impose undue compliance or business-altering burdens while focuses remain on economic recovery. For example, the Federal Housing Finance Agency and the Consumer Financial Protection Bureau have each issued significant proposed and final rulemakings, such as replacing the QM-patch and altering the GSEs' capital rule. These rules greatly impact the housing market and needed mortgage and housing assistance resources. NAR urges Congress to ensure only prudent rulemaking activities occur at this time so that federal agencies, business owners, and non-profit organizations can more readily focus on pandemic relief efforts rather than burdensome, ill-timed regulatory updates that may adversely impact homebuyers, homeowners, and businesses.

Unemployment Assistance

Under the CARES Act, millions of Americans who would not traditionally be eligible for unemployment assistance were able to obtain benefits through the Pandemic Unemployment Assistance (PUA) program, including the self-employed. The additional Federal Pandemic Unemployment Compensation added weekly benefit that was provided under the CARES Act provided additional financial support at a time when families needed it most. Unfortunately, millions of Americans remain unemployed or are unable to work due to ongoing COVID-19 related hardships and many individuals and families continue to face financial instability as these programs have expired

or will expire at the end of this month. Substantial funding is needed as soon as possible to provide additional unemployment assistance to these Americans to ensure their financial obligations may still be met.

State and Local Funding

Communities across the country are adapting and responding to the needs of their constituents as the pandemic alters the lives of so many Americans. According to the National League of Cities, 88 percent of cities expect a budget shortfall this year due to COVID-19. Congress must ensure the needs of these states and municipalities are met, with access to funding to empower targeted community responses. Such support will also offer relief to property owners who fear unanticipated additional hardships, such as increased local taxation, to make up for state and county budget deficits. NAR urges access to emergency funding to allow communities to more effectively combat public health concerns so they can gradually and safely reopen.

Technology

The COVID-19 health pandemic has demonstrated the critical need for technology in order to keep our country functioning. Significant community investment is necessary to ensure complete broadband access, which remains essential to daily life while employers have transitioned their workers from on-site work to telework and schools are configuring distance learning. Broadband is especially problematic in rural areas, where a lack of funding and burdensome regulations have resulted in slow deployment. NAR urges Congress to invest any resources necessary to meet the connectivity needs of millions of Americans in rural areas and the communities that support them.

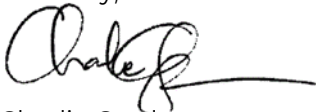
Remote online notarization remains a critical business tool for the real estate industry and NAR continues to advocate for the "Securing and Enabling Commerce Using Remote and Electronic Notarization Act of 2020" (S. 3533, H.R. 6364, the SECURE Act). This bill should be included in any COVID-19 response legislation to expand access to remote online notarizations, providing certainty for interstate recognition to allow consumers to safely close their transactions and maintain a functioning real estate market.

Commercial Real Estate

The difficulties posed by the pandemic are especially grim for the commercial real estate sector. As recent data illustrates, commercial lending has decreased significantly and commercial tenants are exiting rental agreements at extraordinary rates. Commercial mortgage-backed securities (CMBS) delinquency rates reached near-record highs and continue to stay alarmingly high for the hardest-hit industries, the hotel and retail sectors. Over 100,000 small businesses have permanently closed already, and an additional 2 million are at risk of immediately closing, representing a huge blow to both the economy and the commercial real estate sector. With continued state and local guidelines restricting movement and employers increasing work from home protocols, commercial real estate will continue to bear the brunt of the pandemic fallout. NAR urges Congress to provide additional support to the hardest hit sectors through access to funds to keep workers on payroll and meet their business expenses, and prioritizing extending and enhancing loan programs to reinforce commercial business stability.

The National Association of REALTORS® thanks you for continuing your work to ensure the financial viability and stability of America's housing and real estate markets and our economy as a whole.

Sincerely,



Charlie Oppler
2021 President, National Association of REALTORS®