



April 13, 2020

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

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
Washington, DC 20510

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

On behalf of the more than 140,000 members of the National Association of Home Builders (NAHB) and our more than 700 affiliated state and local home builder associations, I write to request that you first and foremost ensure there are sufficient resources available in the Small Business Administration's (SBA) Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) program to meet the considerable needs of all our nation's small businesses.

Additionally, as you consider fixes to the PPP, both now and in the future, we ask that you make improvements which will help all small businesses and non-profits access this critically important program. As it currently stands, the PPP is failing to serve the needs of a sizable number of small businesses and non-profit organizations in the residential construction and remodeling sectors.

The SBA interim final rule, "Business Loan Program Temporary Changes; Paycheck Protection Program," issued on April 2, 2020, contains a major flaw. The interim final rule excludes a large percentage of home builders and prohibits land developers and multifamily property owners from eligibility in the PPP. We believe this rule runs counter to the congressional intent of the CARES Act to help the broadest universe of small businesses, as well as congressional intent governing the SBA. Specifically, 15 U.S. Code §636(a)(9) holds that, "The Administration may provide loans under this subsection to finance residential or commercial construction or rehabilitation for sale: Provided, however, that such loans shall not be used primarily for the acquisition of land." In these instances, Congress could not have been clearer. We ask that you call on the SBA to adhere to the congressional intent of the CARES Act to get desperately needed assistance to all small businesses.

Additionally, as I write this, tens of thousands of small non-profit trade associations across this country are facing the difficult decision of how to keep their doors open amid forced closures and the irretrievable loss of critical operating revenue. Amid the current economic turmoil, state and local home builder associations, most organized as 501(c)(6) non-profit entities, are losing revenue as association members retreat from professional organizations. Many associations have been forced to cancel home and trade shows, among other revenue-generating events, as government directives have banned mass gatherings. Currently only 501(c)3 entities may apply for a PPP loan. The federal government must step in to help all types of small businesses,

including 501(c)(6) non-profit entities, to ensure they can quickly recover when this national emergency passes.

Again, NAHB strongly encourages you to move swiftly to ensure there are adequate funds in these critically important SBA loan programs. As you look to build upon the successes of these programs, we also encourage you to make improvements to the SBA's PPP loan program to ensure all small businesses and non-profits have the support they need in these difficult times. Thank you for considering our views.

Sincerely,

A handwritten signature in black ink, appearing to read "James W. Tobin III". The signature is stylized and cursive, with a prominent initial "J" and "T".

James W. Tobin III