



National Association of Home Builders

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Government Affairs

James W. Tobin III
Executive Vice President & Chief Lobbyist

June 3, 2020

The Honorable Mitch McConnell
Majority Leader
317 Russell Senate Office Building
Washington, DC 20510

The Honorable Charles Schumer
Minority Leader
322 Hart Senate Office Building
Washington, DC 20510

The Honorable Marco Rubio
Chairman
Committee on Small Business and
Entrepreneurship
284 Russell Senate Office Building
Washington, DC 20002

The Honorable Benjamin Cardin
Ranking Member
Committee on Small Business and
Entrepreneurship
509 Hart Senate Office Building
Washington, DC 20510

Dear Majority Member McConnell, Minority Leader Schumer, Chairman Rubio, and Ranking Member Cardin:

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 express support for efforts to extend the Paycheck Protection Program (PPP) and provide for greater flexibility for 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. The PPP has provided a critical lifeline for those with access to it.

However, the PPP is failing to serve the needs of certain small businesses and non-profit organizations in the residential construction and remodeling sector. 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.

These restrictions run counter to the congressional intent of the PPP: help the broadest universe of small businesses. 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, yet the SBA has restricted access to the program for some home builders, land developers and multifamily developers. I respectfully request 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.

Finally, 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, have been forced to cancel home shows 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 supports efforts to extend the PPP program and add additional flexibility to this critically important SBA loan program. We also encourage you to make improvements to the SBA 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 the first name "James" being the most prominent part.

James W. Tobin III