



May 8, 2020

The Honorable Maxine Waters
Chair, House Financial Services Committee
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Mike Crapo
Chair, Senate Banking, Housing and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Nydia Velázquez
Chair, House Small Business Committee
2361 Rayburn House Office Building
Washington, DC 20515

The Honorable Marco Rubio
Chair, Small Business and Entrepreneurship Committee
428-A Russell Senate Office Building
Washington, DC 20510

The Honorable Joaquin Castro
Chair, Congressional Hispanic Caucus
2241 Rayburn House Office Building
Washington, DC 20515

Chairs Waters, Velázquez, Crapo, Rubio, and Castro:

On behalf of the National Association of Hispanic Real Estate Professionals® (NAHREP®), we thank you for the swift passage of the Coronavirus, Aid, Relief and Economic Security (CARES) Act. We thank everyone that worked tirelessly and under such challenging circumstances to get a financial lifeline into the hands of American workers and small businesses as quickly as possible. However, the crisis is far from over and more remains to be done to mitigate the pandemic's impact.

With more than 40,000 members and over 100 chapters, NAHREP is the largest Hispanic business association in the U.S. with a dedicated mission to champion Latino economic mobility through homeownership. Our membership is comprised of a wide range of professionals in the real estate sector, including real estate agents, loan officers, title agents, closing attorneys, appraisers, and homebuilders, many of whom are self-employed and independent contractors.

Our members, like small businesses across the nation, are experiencing harsh economic realities. In a member survey conducted just last month, two in five respondents reported that their business had significantly slowed and one in ten reported that their business had stopped altogether due to the pandemic.¹ These are alarming numbers. However, they only tell a part of the story.

Latinos overall have been disproportionately impacted by COVID-19. The Latino workforce is the most likely to have been employed by the top five industries that are now experiencing the most acute layoffs.² And, a Washington Post-Ipos Poll conducted between April 27-May 4, found that Latinos are twice as likely as their non-Hispanic White counterparts to have lost their job due to the pandemic.³ As a result, the April unemployment numbers indicate that Latinos are

¹ NAHREP Member Survey (2020, April). Survey conducted online and consisted of 580 responses from real estate professionals in 26 U.S. states, DC and Puerto Rico.

² Urban Institute. (2020, April 22). Lenders, Loan Channels, and Industry/Occupation by Income & Race/Ethnicity.

³ Jan, T and Clement, S. (2020, May 6). Hispanics are almost twice as likely as whites to have lost their jobs amid pandemic, poll finds. *Washington Post*. Retrieved from https://www.washingtonpost.com/business/2020/05/06/layoffs-race-poll-coronavirus/?utm_campaign=wp_post_most&utm_medium=email&utm_source=newsletter&wpisrc=nl_most



experiencing the highest unemployment numbers the community has seen since the Great Depression.⁴

Latinos are young. At a median age of just over 29, Latinos are the fastest-growing population in the U.S., and have accounted for over half of the total U.S. population growth over the last decade.⁵ Not only will the U.S. increasingly rely on the Latino workforce and their sustained demand for goods and services, but the economic contributions from Latinos will continue to grow exponentially as they age. Latinos have had the highest labor force participation rate for the past two decades. In fact, Latinos have accounted for over 71.3 percent of the labor force participation growth over the past decade⁶, have been starting businesses at a faster rate than the general population⁷, and as of 2018, were responsible for contributing \$371 Billion to the GDP through the housing industry alone.⁸ The Latino work force is at the heart of America's workforce, and has been vital to the economic growth we saw leading up to this pandemic. The nation cannot afford to ignore the dire circumstances affecting this community in the wake of COVID-19.

Additionally, a healthy housing market will be no less critical to the nation's economic recovery and it has become increasingly clear that the future of the housing industry is also tied to the Latino cohort. Over the past decade, Hispanics have accounted for over half of the overall U.S. homeownership growth, adding 1.9 million new homeowners during that period alone.⁹ In fact, one can say that Latinos helped pull the nation out of a devastating housing recession in 2015, when they became the first demographic to increase their homeownership rates after years of declines that affected all demographics. As the housing market once again heads into difficult times, Latino demand for homeownership will be critical to our post-pandemic recovery.

Our nation's ability to rebound from this economic crisis will be contingent on how aggressively and urgently government policies support working class individuals and main street small businesses in this next stimulus package. With that in mind, NAHREP urges that the following policies be prioritized in the next stimulus package:

Ensure Survival of Small Businesses

- **Replenish the Paycheck Protection Program and prioritize main street businesses, including independent contractors.** We must continue to fund the PPP program. Additionally, further clarification is needed in order for independent contractors to benefit from the program. Many of NAHREP's members own businesses that employ 1099 workers, or independent contractors, without payroll systems in place. These businesses have had an extremely difficult time gaining access to the Paycheck Protection Program

⁴U.S. Bureau of Labor Statistics. (2020, April). Civilian Unemployment.

⁵ U.S. Census Bureau. (2019, July). PEPSR6H: Annual Estimates of the Resident Population by Sex, Race, and Hispanic Origin for the United States, States, and Counties: April 1, 2010 to July 1, 2018.

⁶ U.S. Bureau of Labor Statistics. (2020). Labor Force Statistics from the Current Population Survey. LNU01300009.

⁷ Stanford Graduate School of Business. (2020). State of Latino Entrepreneurship. Retrieved from <https://www.gsb.stanford.edu/sites/gsb/files/publication-pdf/report-slei-state-latino-entrepreneurship-2019.pdf>

⁸ Calculation made in partnership with the National Association of Home Builders (NAHB) using data from National Income and Product Accounts (NIPA), Bureau of Economic Analysis (BEA), American Housing Survey (AHS), American Community Survey (ACS), U.S. Census Public Use Micro data (PUMS), and NAHB estimates. (2019, February).

⁹ U.S. Census Bureau. (2020, January 30). Current Population Survey/Housing Vacancy Survey.

(PPP). Furthermore, the independent contractors within their firms have had difficulty gaining access to loans due to not having business accounts with their financial institutions. We urge Congress to issue additional clarifications to the PPP to ensure that independent contractors who might not have opened a business account with their lender can gain immediate access to the PPP program and the funds associated therewith. Eligibility for the PPP should not be dependent on the maintenance of costly and unnecessary business accounts if an applicant can demonstrate that they are using a personal account to serve the same function.

- **Expand the Paycheck Protection Program (PPP) to include 501(c)(6)s.** It is important to underscore that trade associations, like the struggling businesses the PPP seeks to serve, are also employers. These nonprofit member-based organizations are facing similar difficult budgetary decisions, including layoffs. At a time when small businesses are relying more and more on these organizations, many small trade associations are in need of the same support small businesses are receiving to keep people on payroll and to keep overhead costs current.
- **Prioritize lending to minority owned businesses and support minority-owned and community banks.** Require lenders to ensure that \$50 billion of loans (or 20% of the lending under any expanded PPP, whichever is higher) are made to minority-owned businesses. Additionally, we must address the capital needs and lending abilities of minority depository institutions (MDIs), Small Business Investment Companies (SBICs), community banks, smaller regional banks, credit unions, and Community Development Financial Institutions (CDFIs) as these institutions primarily operate in and serve low-income and minority communities. It is vital that upcoming legislation automatically authorize certified CDFIs as lenders for PPP and include set aside funding channeled through these CDFIs.

Protect Consumer Credit During Pandemic:

- **Protect consumer credit scores during the pandemic.** As of 2018, during a strong economy, Latinos had a median credit score of 684.¹⁰ Today, Latinos are being disproportionately impacted by layoffs and economic hardship. Negative credit reporting for consumers who are affected by the COVID-19 crisis does not reflect their ability to manage debt during normal times. NAHREP members have reported that some consumers, who simply inquire about forbearance options, have difficulty being approved for refinances due disaster code designation (AW) appearing on their credit report. We must put a stop to these practices. Furthermore, while we understand that collecting credit data is necessary to protect the value of credit scores, NAHREP urges that credit scores be protected between January of 2020 and December of 2021. Damaged credit scores could suppress homeownership growth and economic mobility by making it harder to secure a home loan during a time when growth in the housing sector will be most needed.

¹⁰ Credit Bureau data for Sep 2018 to investigate consumers' credit. Median values are used. Data combines anonymized individual credit bureau data with marketing data. Freddie Mac.

Preserve Functionality of the Real Estate Industry:

- **Protect access to credit by creating a liquidity facility for mortgage servicers.** As of April 24, 2020, the Mortgage Bankers Association reported a national 7.54 percent forbearance rate. While the CARES Act provided much needed forbearance relief, mortgage servicers are still obligated to use their own funds to pay investors. As a result, many servicers across the nation are on the brink of bankruptcy, which poses a systemic risk to the entire real estate industry and reduces access to credit for low- to moderate-income borrowers. NAHREP urges either the Federal Reserve or Treasury to develop one or more liquidity facilities through which mortgage servicers covering forborne consumer payments can obtain funding.
- **Remote and Electronic Notarization.** Pass the *Securing and Enabling Commerce Using Remote and Electronic Notarization Act (SECURE Notarization Act)*. This bipartisan legislation (S. 5355, H.R. 6364) introduced by Senators Cramer (R-ND) and Warner (D-VA), and Representatives Reschenthaler (R-PA) and Dean (D-PA), is needed to immediately provide real estate transaction alternatives for consumers while fear of COVID-19 spreads beyond the lifting of shelter-in-place restrictions.

Protect Homeowners:

- **Protect small “mom and pop” landlords.** With high unemployment rates and eviction moratoriums ordinances passed in cities throughout the nation, small “mom and pop” property owners are left in dire circumstances due to losses of revenue. Even small investors holding government-backed mortgages and benefiting from forbearance options granted by the CARES Act are struggling to pay regular expenses, such as necessary maintenance, utilities and property taxes. Many rely on rental payments as their primary source of income. More than 50 percent of rental units are in small one- to four-unit complexes and 88 percent of those are owned by “mom and pop” owners who own less than 10 units. Additionally, the Urban Institute finds that two- to four-unit properties are more likely than one-unit properties to be in lower income census tracts and to be owned by people of color.¹¹ NAHREP urges Congress to provide assistance to small “mom and pop” landlords through the Paycheck Protection Program and treat these investors as small businesses. Owners should receive support through a long term, interest-free loan for the shortfall in rent payments from tenants. Owners should qualify for support contingent on not evicting their tenants.
- **Expand forbearance options and provide affordable, standard and transparent post-forbearance loss mitigation options for consumers.** Broaden the foreclosure and forbearance relief for homeowners, landlords and multifamily property owners included in the CARES Act to include all homeowners and multifamily property owners, even those that have mortgages that are not federally-backed. Today, 30 percent of homeowners and a little under 50 percent of the multifamily owners do not qualify for forbearance relief under the CARES Act.¹² Additionally, some forbearance options offered to consumers are unaffordable and unrealistic. Servicers must be required to offer flexible

¹¹ Goodman, L and Zhu, J) (2016, May). Default and Loss Experience for Two- to Four-Unit Properties. Urban Institute. Retrieved from <https://www.urban.org/sites/default/files/publication/80601/2000789-Default-and-Loss-Experience-for-Two-to-Four-Unit-Properties.pdf>.

¹² Goodman, L and Magder, D. (2020, April). Avoiding a COVID-19 Disaster for Renters and the Housing Market. Urban Institute. Retrieved from https://www.urban.org/sites/default/files/publication/102013/avoiding-a-covid-19-disaster-for-renters-and-the-housing-market_1.pdf.

and affordable repayment options and loan modifications, including loan term extensions. Forcing consumers to make lump sum payments at the end of forbearance is untenable for most families during the pandemic.

- **Extend the foreclosure moratorium for six months.** According to the CARES Act, the foreclosure moratorium is due to expire May 18, threatening a flood of foreclosures at a time that many consumers are still not back at work. We anticipate additional layoffs and continued COVID-19 infection through the year. NAHREP urges an extension to the foreclosure moratorium through November of 2020. This extension must be coupled with cash flow for servicers as mentioned earlier in this letter.

Continue Stimulus Support:

- **Stimulus checks should be extended to mixed immigration status families.** While many businesses that employ primarily immigrant workers have been deemed essential by the Department of Homeland Security during this pandemic, individual workers have not been treated as such. The CARES Act directly excluded mixed-status households from receiving stimulus payments, leaving out families entirely who have at least one individual in their household filing their taxes using the Individual Taxpayer Identification Numbers (ITIN). Half of all farmworkers, for example, are undocumented.¹³ Without their labor, our nation's food supply would be severely disrupted. Additionally, these stimulus restrictions bar access to \$500 credits for at least 5.1 million children, most of which are U.S. citizens.¹⁴ Mixed-status families and tax-paying immigrants should have access to the emergency economic support being made available to all Americans so that they can continue to stimulate and support the nation's economy.
- **Provide additional stimulus checks through the end of the pandemic.** The first round of stimulus checks were instrumental in helping families pay for their rent, mortgages and necessary expenses during these difficult times. Additional cash payment distributions will be instrumental in continuing to stimulate an economy that continues to be under duress.

We know this is a challenging time for our nation, but it is one that we must rise to meet with boldness equal to that challenge. To do that, we must work together and bolster our greatest assets – our people. We thank you for your consideration. For any questions regarding this letter, please feel free to contact Noerena Limon, NAHREP Senior Vice President of Public Policy and Industry Relations, at nlimon@nahrep.org.

Sincerely,

Sara Rodriguez



2020 President
NAHREP

Gary Acosta



Co-founder & CEO
NAHREP

¹³ U.S. Department of Labor. (2017). National Agricultural Workers Survey.

¹⁴ Migration Policy Institute. (2016, January). A Profile of U.S. Children with Unauthorized Immigrant Parents. Available from <https://www.migrationpolicy.org/research/profile-us-children-unauthorized-immigrant-parents>