March 24, 2020

The Honorable Nancy Pelosi, Speaker
United States House of Representatives
1236 Longworth House Office Building
Washington, D.C. 20515

The Honorable Mitch McConnell, Leader
United States Senate
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Kevin McCarthy, Leader
United States House of Representatives
2468 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Charles Schumer, Leader
United States Senate
322 Hart Senate Office Building
Washington, D.C. 20510

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

The undersigned Associations support many of the steps that have been taken in previous legislation and have worked closely with you to include important new lending programs in the Small Business section of the CARES Act that will provide critical relief for small businesses and their employees during this crisis. As you finalize legislation, we are writing to strongly urge that the provisions which would enhance and incentivize SBA’s 7(a) loan program be included in the final CARES Act legislation. This is of critical importance to the country’s lending community if we want to stabilize the economy now.

Many of our small business members, from restaurants to retailers to hotels and others, will be turning to private-sector banks and credit unions, whether they currently participate in SBA lending or not, who will in turn be turning to the SBA’s 7(a) loan program as the way to deliver capital and economic relief to the economy while conventional lending recedes in the wake of the current economic turmoil. However, in order to quickly stimulate essential lending, small business borrowers and lenders need the tried and true enhancements that would encourage banks and credit unions to lend and borrowers to seek capital now.

We understand that the Senate’s Small Business Task Force has been working to craft the “Small Business Interruption Loan Program,” which would provide payroll relief for small businesses who retain their employees through a Small Business Administration (SBA) and Department of Treasury partnership. This new concept does not need to exist at the exclusion of the other 7(a) enhancement provisions that we know work and that lenders need. Congress should simultaneously provide the existing 7(a) loan program the enhancement provisions to spur on lending that can be done right now.

The enhancement provisions to the 7(a) loan program that the lending community needs in order to preserve the small business economy, include:

- fee waivers for small business borrowers and lenders;
- increased federal guaranty;
- increased deferment flexibility to remove existing hurdles and provide borrowers critical deferment relief;
- increased maximum loan size for all 7(a) loans;
- increased maximum loan size for Express loans;
increased general 7(a) and secondary market authorization caps to allow for increased lending while utilizing the above enhancements; and in order to encourage speed in providing SBA loans,

- authority for the SBA Administrator to waive real estate appraisal requirements prior to loan closing; and
- authority for the SBA Administrator to suspend requirements that the income tax verifications are necessary prior to loan closing.

We are hearing from our members that the SBA departments at institutions across the country are being flooded as billions in small business loans are no longer able to be made conventionally. As in past periods of economic crisis, small business borrowers, banks and credit unions turn to the 7(a) loan program as one of the most valuable tools to continue serving small business borrowers. We saw this exponential increase in SBA lending after the Great Recession. But this country’s financial institutions are also going to be proceeding cautiously in the coming months, with less appetite to take on risk or additional costs. That is why these 7(a) loan program enhancement provisions are so critical right now.

We strongly urge you to include the general 7(a) loan program enhancement provisions in the final CARES Act. Without these enhancement provisions, Congress will not have done everything in its power to stabilize the financial system and prevent further economic consequences beyond what we’ve already are experiencing.

Sincerely,

Alabama Restaurant & Hospitality Association       Georgia Hotel & Lodging Association
Alaska Hotel & Lodging Association                  Georgia Retail Association
American Hotel & Lodging Association                Hospitality Minnesota
American Independent Business Coalition             Hospitality Tennessee
Arizona Lodging & Tourism Association               Hotel Association of Los Angeles
Arkansas Hospitality Association                    Hotel Association of Washington DC
Asian American Hotel Owners Association             Idaho Lodging & Restaurant Association
California Association of Bed and Breakfast Inns    Illinois Hotel & Lodging Association
California Hotel & Lodging Association              Illinois Retail Merchants Association
California Retailers Association                    Indiana Restaurant & Lodging Association
Cincinnati Hotel Association                        International Franchise Association
Coalition of Franchisee Associations                Iowa Retail Federation
Colorado Retail Council                              Kentucky Retail Federation
Connecticut Lodging Association                     Latino Hotel Association
Connecticut Retail Merchants Association             Long Beach Hospitality Association
Delaware Hotel & Lodging Association                 Lowcountry Hospitality Association
Explore Charleston                                   Maryland Association of Chain Drug Stores
Florida Restaurant & Lodging Association             Maryland Food Industry Council
Florida Retail Federation                            Maryland Hotel Lodging Association
Maryland Retailers Association
Massachusetts Lodging Association
Michigan Restaurant & Lodging Association
Michigan Retailers Association
Minnesota Retailers Association
Missouri Retailers Association
Missouri Tire Industry Association
Montana Equipment Dealers Association
Montana Lodging & Hospitality Association
Montana Retail Association
Montana Tire Dealers Association
National Association for the Self-Employed
National Association of Manufacturers
National Association of Self-Employed
National Franchisee Association
National Retail Federation
National Restaurant Association
Nebraska Retail Federation
New Hampshire Lodging & Restaurant Association
New Hampshire Retail Association
New Jersey Campgrounds and Outdoor Lodging Association
New Jersey Hotel & Lodging Association
New Jersey Retail Merchants Association
New Mexico Hospitality Association
New Mexico Retail Association
New York State Hospitality & Tourism Association
North Carolina Restaurant & Lodging Association
Ohio Council of Retail Merchants
Ohio Hotel & Lodging Association
OHLA - Greater Akron Lodging Council
OHLA - Greater Cincinnati Lodging Council
OHLA - Greater Cleveland Lodging Council
OHLA - Greater Columbus Lodging Council
OHLA - Greater Dayton Lodging Council
OHLA - Northwest Ohio Lodging Council
Oklahoma Hotel & Lodging Association
Oklahoma Retail Merchants Association
Oregon Business & Industry
Oregon Restaurant & Lodging Association
Pennsylvania Restaurant & Lodging Association
Pennsylvania Retailers Association
Retail Association of Maine
Retail Association of Nevada
Retailers Association of Massachusetts
Rhode Island Hospitality Association
Sacramento Hotel Association
Small Business & Entrepreneurship Council
South Carolina Retail Association
Southern Consumers Alliance
Texas Hotel & Lodging Association
Texas Retailers Association
Tri State Jewelers Association
Unique Lodging of Ohio
U.S. Travel Association
Vermont Retail & Grocers Association
Virginia Restaurant Lodging & Travel Association
Virginia Retail Federation
Virginia Retail Merchants Association
Washington Hospitality Association
Washington Retail Association
West Virginia Retailers Association
Wisconsin Hotel & Lodging Association
Wyoming Lodging and Restaurant Association
Wyoming Retail Association
Wyoming Travel Industry Coalition