



CALIFORNIA ASSOCIATION OF REALTORS®

August 6, 2020

California Congressional Delegation
U.S. Senate and House of Representatives
Washington, D.C.

Dear California Congressional Delegation:

2020 OFFICERS

JEANNE RADSICK
President

DAVE WALSH
President-Elect

JENNIFER BRANCHINI
Treasurer

JOEL SINGER
Chief Executive Officer/
State Secretary

On behalf of the California Association of REALTORS® (C.A.R.) I am writing to both express our thanks for Congress' previous COVID-19 relief efforts but also to urge Congress to take action and pass another relief package. The financial difficulties caused by the ongoing Covid-19 crisis continue for property owners and tenants, small businesspersons, and independent contractors. Furthermore, new relief would help provide stability to the real estate market which as experience has shown is necessary to speed any recovery. The COVID-19 crisis is unprecedented and the response Congress has provided until now has helped to mitigate the economic downturn resulting from the response to the crisis including the shelter-in-place and social distancing orders, but more work is needed as it is clear that crisis has not abated.

Support for the Housing Market

The next relief package should provide funding for a **rental assistance program** and a **homeowner assistance program**. The moratoriums on evictions and foreclosures has helped bring stability to housing by protecting those financially impacted by the COVID crisis. However, this simply delayed the inevitable as renters and owners who have lost their jobs or have been furloughed are not be able to make up missed payments. Eviction is a costly and difficult process that good housing providers look to avoid. However, missed rent payments have a downstream impact preventing housing providers from being to be able to pay their mortgage, property taxes and maintain their properties as required by state laws. We urge Congress to create funds that will help both renters and owners experiencing financial difficulty. This will bring stability to both these families and the housing market.

We urge Congress to help **ensure that Fannie Mae, Freddie Mac, and the FHA purchase/insure mortgages that were properly underwritten, but whose borrowers were forced to seek forbearance** after the loan



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was originated. Congress should also ensure that no additional cost be assessed to the borrower, lender and/or servicer when the forbearance is the result of a financial hardship due to the COVID-19 crisis. These entities were slow to agree to purchase/insure these loans and only do so now at a premium charge. The impact has been higher fees for homeowners and tighter underwriting standards which punishes qualified homebuyers.

We ask that Congress extend unemployment assistance programs. While rent payment delinquencies and the need for mortgage forbearances are high, these numbers would be exponentially higher if not for the unemployment assistance programs. If Congress chooses to reduce these programs, the resulting effect will be overall housing instability, including substantially increased foreclosure and evictions.

Necessary Changes to the PPP

C.A.R. is asking Congress to **extend and provide funding for the Paycheck Protection Program until the end of the year** and for certain improvements to be made to the program. The PPP has helped to provide a lifeline for small businesses trying to survive the crisis. Additional changes to the program that would increase its use and effectiveness are:

- Making it easier for small companies to seek loan forgiveness.
- Allow for a second PPP loan for a business.
- Continue to ensure small businesses and independent contractors have access to the PPP program.

Changes to the PUA Program

We ask that Congress continue and make improvements to the Pandemic Unemployment Assistance (PUA) program. This program has been a true lifeline for many independent contractors. It has allowed them to keep a roof over their heads and food on the table during these difficult times. C.A.R. believes there are areas that can be improved so that other individuals won't fall through the cracks. There are independent contractors whose primary source of income is from 1099, but they may receive small amounts of W-2 income making them ineligible for PUA. Through C.A.R.'s COVID Relief Hotline we have heard first-hand accounts of members struggling because they can't qualify for PUA. These include a:

- Member receiving \$200/week (W-2) income for caring for a family member, but their primary income is as a real estate agent (1099 income),
- Member receives a small stipend (W-2) for lay ministry work, but again, their primary income is as a practicing real estate agent (1099 income),
- Member earned \$2000 for a part-time youth coaching job (W-2) income in 2019, while earning the majority of their income as a real estate agent (1099 income).

All these independent contractors were unable to access the PUA benefit because they technically qualified for unemployment insurance, even though it was a miniscule amount compared to what they could have received if they only had 1099 income.

This problem was minimized while there was the \$600/week assistance, but with that expiring these individuals and more like them will have a difficult time financially surviving. C.A.R. recommends enhancing the PUA program to account for situations such as those above -- perhaps a hybrid system allowing for both PUA and traditional unemployment but keeping the same cap as though they were only getting one. Another option is to allow for individuals to choose between PUA or traditional unemployment.

Congress created and rolled out the PUA program at a speed many thought could not be done. Now is an opportunity to improve the program to help households it missed.

In our work with our members, who are largely entrepreneurs and independent contractors we have seen both the effects of the crisis and the benefits that came from the last relief package. We urge Congress to act again to mitigate this ongoing crisis. We appreciate your consideration of our comments.

Sincerely,

A handwritten signature in cursive script that reads "Jeanne Radsick".

Jeanne Radsick
President, California Association of REALTORS®