



July 20, 2020

Jovita Carranza  
Administrator,  
Small Business Administration  
409 3rd St, SW  
Washington DC 20416

RE: SBA-2020-0037

Dear Ms. Carranza:

I am writing on behalf of the National Association of Health Underwriters (NAHU), a professional association representing over 100,000 licensed health insurance agents, brokers, general agents, consultants, and employee benefits specialists. We are pleased to have the opportunity to respond to the interim final rule titled "Business Loan Program Temporary Changes; Paycheck Protection Program—Revisions to the Third and Sixth Interim Final Rules" published in the *Federal Register* on June 19, 2020.

The members of NAHU work daily to help millions of individuals and employers of all sizes purchase, administer, and utilize health insurance coverage. Many of our members are small business owners, and their professional expertise is in the technicalities of health-plan purchasing and administration. Since the start of the COVID-19 pandemic, thousands of NAHU members have been working tirelessly to assist companies with employment and benefit-plan issues related to the economic downturn, including the PPP loan program application and forgiveness documentation.

Simultaneously, with unemployment on the rise and private health insurance coverage rates dropping, the COVID-19 crisis is causing many NAHU members to experience a steep loss in business income. In addition to helping other types of businesses obtain and facilitate PPP loans, some of our business owner members are PPP recipients themselves.

NAHU members appreciate all of the changes to the loan program created by the Paycheck Protection Program Flexibility Act (PPPFA). However, changes in the regulations governing a currently operational program do generate some confusion and questions. NAHU does believe that your agency's continued use of the FAQ format in its revised interim final rules does make the guidance approachable for PPP applicants and their advisors. However, the SBA is making many changes to existing regulations to incorporate the provisions of the PPPFA, and you are doing so through many different interim final regulations. All of the separate documents make it difficult for PPP recipients and their advisors to grasp the total picture of all of the new



changes. To make it easier for all interested parties, would it be possible for the SBA to publish a consolidated and updated version of all of the interim final rules in total?

Regarding the content of this interim final rule, NAHU members appreciate the changes to update language initially contained in the third interim rule. These updates reflect the new maximum length of the loan's covered period, the new maximum loan maturity window of five years, and the new percentage of covered expenses that must be used for payroll expenses to obtain complete loan forgiveness. Similarly, we support the changes to the sixth interim final rule to reflect the new maximum length of the loan's covered period.

However, this new interim final regulation rule that borrowers who initiated their loan before June 5, 2020, may elect to extend their covered period from eight to 24 weeks and extend the maximum maturity window for their loan. However, it does not explain how a borrower may do so. NAHU members request official guidance for borrowers on these topics as soon as possible.

This interim final regulation also changes the loan forgiveness terms for both general borrowers and individuals with self-employment income. The rule states that to prevent unexpected financial windfalls that Congress did not intend, for general loans, the limit on owner compensation replacement will be either eight weeks' worth (8/52) of 2019 net profit (up to \$15,385) for an eight-week covered period or 2.5 months' worth (2.5/12) of 2019 net profit (up to \$20,833) for a 24-week covered period, excluding any FFCRA paid leave. The rule also specifies that for self-employed individuals who get a PPP loan, owner compensation replacement for individuals with self-employment income who file a Schedule C or F will be limited to eight weeks' worth (8/52) of 2019 net profit (up to \$15,385) for an eight-week covered period or 2.5 months' worth (2.5/12) of 2019 net profit (up to \$20,833) for a 24-week covered period per owner in total across all businesses.

NAHU members understand that the purpose of the PPP loan program was generally to keep smaller businesses operational during the economic crisis and to ensure income for employees. As such, we see your agency's perspective in limiting the amount owners, including sole proprietors, may claim in replacement income. However, NAHU members would like to confirm that income limits and changes made to forgiveness principles loans incurred by self-employed individuals do not also apply to any employees a self-employed individual may have. It is unclear if those individuals who also have employees, and have used PPP loan funds to pay them during their covered period, may apply the payroll cost terms for general loan borrowers to those individuals. These include salary, wages, and tips, of up to \$100,000 of annualized pay per employee (for 24 weeks, a maximum of \$46,154 per individual, or for eight weeks, a maximum of \$15,385 per individual), as well as covered benefits for employees (but not owners), including health care expenses, retirement contributions, and state taxes imposed on employee payroll paid by the employer (such as unemployment insurance premiums). NAHU members believe that self-employed individuals with employees should be entitled to the same treatment concerning the forgiveness of employee payroll expenses as other loan borrowers. We would appreciate clarification of such in any final regulation.



The members of NAHU sincerely appreciate the opportunity to express our views about these updates to PPP implementation rules and let you know what information and clarifications would be helpful for program participants and their professional advisors. We hope that your agency will continue to release more information for borrowers and lenders quickly, as businesses are making economic decisions right now that depend on your guidance.

If you have any questions about our comments or if NAHU can be of assistance as you move forward, please do not hesitate to contact me at either (202) 595-0787 or [jtrautwein@nahu.org](mailto:jtrautwein@nahu.org).

Sincerely,

A handwritten signature in black ink, reading "Janet Stokes Trautwein". The signature is written in a cursive style with a large, looping initial "J".

Janet Stokes Trautwein  
Chief Executive Officer  
National Association of Health Underwriters