



3520 W. Broward Blvd., Suite 119
Fort Lauderdale, FL 33312
Tel: 954-797-7102
Fax: 954-337-2877
Email: info@nabhood.com
www.NABHOOD.com

March 23, 2020

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
Washington, DC 20510

Dear Senator McConnell and Schumer,

This letter comes from the National Association of Black Hotel Owners (NABHOOD), the Asian American Hotel Owners Association (AAHOA) & the Latino Hotel Owners (LHA) who collectively represent the largest group of minority hotel owners in the United States and employ over 800,000 people with over 35,000 hotel properties many of which are in the urban core of America. Signatories to this letter represent over 50% of the hotel properties in America, employing millions of people.

The hospitality sector, the nation's second largest industry after health care, has been decimated as a result of the massive social and economic fallout from the COVID-19 virus. Hotel owners across the country are being forced to furlough or lay off millions of hardworking Americans, many who are minorities who run our hotels and service our guests, which will lead to a significant increase in unemployment in our communities. We believe the CARES Act should specifically address this segment of the economy to avoid further economic disruption. As currently drafted, the CARES Act would not provide the authority to smoothly and quickly safeguard these jobs. Specifically, the CARES Act does not provide enough relief and has qualification criteria that no hotel owners can possibly meet. In conjunction with the NABHOOD, AAHOA and LHA we are putting forward the following recommendations to address the needs of hotel owners, who underpin the employment for millions of Americans. Specifically, we are focused on three critical areas:

Amount: \$425B amount for non-airline & security industries is not a sufficient dollar amount. The hotel industry alone has \$300B of debt. Due to the hotel industry's significant impact on the economy and employment, we respectfully request a specifically designated allocation of relief funding from the CARES Act.

Forbearance & Extension of Loan Maturity Dates: Given the dramatic decline in occupancy caused by the stay home orders and forced closures, the hotel industry immediately needs both a period of forbearance with lenders as well as an extension of loan maturities. Both periods must be meaningful so that the industry has time to ramp up occupancy again once the no travel orders are lifted.

Mission Statement: Increase the number of African Americans developing, managing, operating and owning hotels; increase vendor opportunities & executive level jobs for minorities, thereby creating wealth within the African-American community.

We believe the forbearance period should be for 24 months whereby covenants are waived and any hotel loan borrower can have the option to accrue debt service payments with no penalty interest.

Given there will not likely be an active lending market for hotels, the hotel borrowers should have the ability to extend loans coming by up to 24 months to stabilize operations and position the hotels for a refinance during a normalized period. ALL hotel loans should be granted a 24-month extension. These measures are absolutely critical as there is simply inadequate cash flow to pay debt service, especially with many hotels closed or closing.

Loan and Loan Guarantee Program: Hotel owners will need a means to cover ongoing fixed overhead expenses during this time when even the few hotels that are open for business are running negative cash flow and many other hotels are completely shut down. This COVID-19 impact is causing significant risk to the ability of hotel owners to even remain in business. The proposed Loan and Loan Guarantee Program should make interest free loans to all hotel owners to meet debt service payments (this will address those hotel owners with loans not regulated by the FDIC and able to obtain forbearance) and fund operating losses for the next 24 months. After two years, if the loan funds have been used as designated, they are forgiven and considered a grant. Procedures to qualify for these loans must be straight forward and simple. It should be recognized that most hotel owners are separate and apart from the hotel management. The entity that owns the hotel often has no employees and has signed a management agreement with either the brand or a third-party management company to operate the hotel. However, the hotel owner is responsible for all operating expenses which is what this relief package should provide. We need to be able to qualify for these loans. We need as little red tape as possible.

The hotel industry provides individuals with the opportunity to live the American Dream. Many hotel owners started their journey toward ownership working as housekeepers and front desk clerks. The damaging impact of the COVID-19 virus on our industry risks the destruction of the American Dream. The potential loss of business due to bankruptcy or lender foreclosure will ruin the livelihoods of not just the hotel owners but the millions of Americans employed in the industry.

We truly appreciate your focus and support at this most critical juncture.

Best,

Kenneth Fearn
Chairman

Andy Ingraham
President and CEO

cc:

The Honorable Marco Rubio
U.S. Senate
Chair, Committee on Small Business
& Entrepreneurship
Washington, DC 20510

The Honorable Ben Cardin
U.S. Senate
Ranking Member, Committee on Small Business
& Entrepreneurship
Washington, DC 20510

Mission Statement: Increase the number of African Americans developing, managing, operating and owning hotels; increase vendor opportunities & executive level jobs for minorities, thereby creating wealth within the African-American community.

The Honorable Cory Booker
U.S. Senate
Washington, DC 20510

The Honorable Kamala Harris
U.S. Senate
Washington, DC 20510

Mission Statement: Increase the number of African Americans developing, managing, operating and owning hotels; increase vendor opportunities & executive level jobs for minorities, thereby creating wealth within the African-American community.