

Federal COVID-19 Legislation Guide to Benefits for Real Estate Agents

The new federal **Families First Coronavirus Response Act (FFCRA)** and **Coronavirus Aid, Relief & Economic Security Act (CARES)** are intended to address the economic hardship caused by COVID-19. Although you should consult your attorney, tax and financial advisors, and applicable government agencies for specific guidance, this guide recommends some steps you can take for you and your family to take advantage of the benefits under these new federal laws.

Contact your insurance carrier and bank

Before doing anything else, contact your insurance carrier. You may have access to benefits you've paid into through your policies that could be helpful. Next, call your bank. Your bank will have advice for you on

- *The bank's own lending capabilities*
- *Any Small Business Administration programs that the bank has access to*
- *Possible local or state-sponsored lending programs such as those available through nonprofits or otherwise limited to certain cities or counties*

Apply for pandemic unemployment assistance

Self-employed persons, independent contractors, and other people who can't work as a result of COVID-19, and who would not usually qualify for state unemployment benefits, may be eligible to receive "Pandemic Unemployment Assistance" under § 2102 of the CARES Act.

Pandemic unemployment assistance isn't available, however, if an independent contractor is receiving paid sick leave or other paid-leave benefits, including paid benefits for independent contractors under the Families First Coronavirus Response Act (FFCRA) or a state law providing paid benefits to self-employed workers.

Although this part of the law doesn't apply to people who can "telework," any real estate agent whose business is experiencing a significant decline resulting from the pandemic — even after taking additional measures to focus on online and virtual work — should consider applying for unemployment assistance.

Pandemic unemployment assistance is available retroactively to January 27, 2020 through December 31, 2020 if the unemployment, partial unemployment, or inability to work caused by COVID-19 continues. A maximum of 39 weeks of unemployment assistance is available. The amount of assistance is capped at the amount equal to the amount authorized under the state unemployment-compensation law, plus an additional \$600 per week for up to 4 months.

The law directs each state to create and administer its own program for pandemic unemployment assistance and the states are rushing to build-out their programs. To determine how to apply and your eligibility for the assistance, visit the website for the state agency responsible for administering your state's assistance program. A [Department of Labor-sponsored website](#) has information and links for each state. Note that some states' versions this program may not be set up yet. So, check back and consult local resources as well.

Determine your eligibility to postpone mortgage-loan payments

If you own a home with an outstanding mortgage loan, contact the institution that services your loan to determine your eligibility to postpone loan payments. Borrowers of government-backed mortgages (Fannie Mae, Freddie Mac, HUD, VA, and USDA) can request payment forbearance for up to 360 days. Proof of hardship isn't necessary. No additional fees, interest, or penalties can be assessed for the payment forbearance. In addition, except for abandoned or vacant property, no foreclosure actions on federally backed mortgages can take place for 60 days after March 18, 2020.

Determine your eligibility to defer student-loan payments

If you or your family has a student loan, you may be eligible to defer payments on the loan for 6 months. The CARES Act suspends all payments on federal student loans for 6 months. During that 6-month period, interest on the loan won't accrue and the loans will be considered paid during that period. The law also prohibits negative credit reporting or involuntary debt collection during the 6-month period. To determine whether you are eligible to defer student-loan payments, contact the institution that services your loan.

Determine your eligibility for new SBA loan programs

The CARES Act expanded the ability of the Small Business Administration (SBA) to assist businesses during the pandemic. You may be eligible for **SBA 7(b) (2) Emergency Economic Injury Disaster (EID) loans** and **SBA 7(a) Payroll Protection Program (PPP) loans through the SBA. Both EID and PPP loans** are available to small businesses (i.e., those with 500 or fewer employees) that have suffered pandemic-related losses.

The U.S. Chamber of Commerce has published a [guide to the programs](#) and you can [click here for a side-by-side comparison](#) of each program.

Emergency Economic Injury Disaster (EID) Loans

Until December 31, 2020, businesses, including sole proprietors, independent contractors, and cooperatives are eligible for up to \$2 million in EID loans, which are administered by the SBA. But **proof of hardship is necessary**. Part of an EID loan is forgivable debt.

EID loans may be used for:

- ***Paid sick leave for employees affected by COVID-19***

- ***Payroll***

- ***Rent/Mortgage Payments***

- ***Debt obligations resulting from lost revenues***

- ***Increased costs resulting from supply-chain disruptions and materials***

- ***Other bills that can't be paid because of the effect of the virus.***

The SBA determines eligibility for EID loans. The law provides for an emergency forgivable advance of up to \$10,000 to small businesses within 3 days of the business applying for the EID loans.

[Click for the SBA's EID loan-application form.](#)

Payroll Protection Program (PPP) Loans

Businesses, including sole proprietors and independent contractors, are eligible to apply for PPP loans to cover expenses between February 15, 2020 and June 30, 2020.

A PPP loan can be up to 250% of the business's average salary expenditures/month for the year before the loan, up to \$10 million. If a business wasn't open last year, the SBA will consider earlier receipts from 2020. The government will forgive all or part of a PPP loan if the business receiving the loan maintains at least 75% of its average payroll levels compared to the previous year but the forgiven part of the loan amount will decrease if payroll levels drop below that 75% threshold.

Business can use PPP loans for operating costs such as

- ***Payroll, including for independent contractors and employees who work on commission***

- ***Rent/Mortgage interest***

- ***Utilities***

PPP loans are available from both participating lenders and the SBA. Businesses can first apply for an EID loan and later a PPP loan if they don't pay for the same

expenses. If you qualify for and receive an EID loan, and you later qualify for a PPP loan, you can refinance the EID loan with the PPP loan, or you can apply for both loans and decide which one to take if you qualify for both. For more information, the [SBA has published a summary of the PPP loan program.](#)

Determine your eligibility for additional federal tax benefits

Direct Cash Payments

Starting in April 2020, taxpayers with incomes below certain thresholds will receive a cash payment from the federal government in the amount of \$1,200 per adult plus \$500 for each child under 17. The cash payments phase out for higher-income workers.

Retirement-Fund Withdrawals

Penalties for early withdrawals of up to \$100,000 from certain retirement accounts are suspended, with the opportunity for workers either to recontribute the withdrawn funds over 3 years or keep the money and pay the tax on the withdrawals over a 3-year period.

For people age 70½ or older, the usual requirements to take minimum distributions from retirement plans in 2020 and pay taxes on those required distributions are suspended.

For more information, contact your tax or financial advisors.

Charitable Contributions

Charitable contributions up to \$300 in 2020 can be deducted from federal income taxes without having to itemize them.

Refundable Employee Retention Credits

Businesses with 100 or fewer employees can claim a refundable employee-retention tax credit against payroll taxes of up to \$5,000 per employee under certain circumstances.

Delay of Required FICA & Self-Employment Taxes

Employers and self-employed workers can delay paying the employer-portion of FICA (Social Security) payroll taxes or one-half the SECA (self-employment taxes) until after 2020. One half is due in 2021 and the other half is due in 2022.

Treatment of Net-Operating Losses

Businesses with losses can carry back net-operating losses to earlier taxable years and get refunds of earlier taxes paid.

Additional Resources

[NAR Pandemic Unemployment Assistance FAQs](#)

[NAR Coronavirus: SBA CARES Act FAQs](#)

[NAR Coronavirus Advocacy FAQs: RE Transactions.](#)

[Independent Contractors, NAR Grants](#)

[U.S. House Committee on Financial Services FAQs about the CARES Act](#)

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