

# HEROES Act: Provisions for Consumers, REALTORS® and the Real Estate Industry

May 14, 2020

On May 12, 2020, the House of Representatives introduced H.R. 6800, the “Health and Economic Recovery Omnibus Emergency Solutions,” or HEROES Act. The provisions in the more than \$3 trillion legislation represents the opening mark offered by the House Democrats as negotiations continue in the coming weeks on the eventual Coronavirus Relief package. Senate Majority Leader McConnell and House Republicans have previously indicated they want to see liability protections for businesses and health care employers in the next phase of coronavirus relief legislation.

See a summary of the HEROES Act provisions that most directly impact REALTORS®, consumers, and the real estate industry as a whole here:

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## Mortgage, Credit Reporting, and Student Loans

- \$75 billion to States for means-tested mortgage payment assistance for homeowners to reinstate or lower mortgage payments; pay taxes, insurance, homeowner association fees; utility payments; repay state housing assistance; or, prevent eviction, mortgage delinquency or default, foreclosure, or loss of utilities including internet.
- CARES Act mortgage forbearance program expanded beyond government mortgages to include all mortgages and requires post forbearance loss mitigation offers to include deferral of payments to end of mortgage and extension of terms of the mortgage to cover forbearance period.
- Provides automatic 60-days forbearance for any delinquent mortgage holder (beginning March 13, 2020 until the date of enactment)
- CARES Act liquidity facility made available for mortgage servicers and residential rental property owners, contingent on compliance with certain reporting requirements and protections for borrowers and renters



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- QM Patch extension to June 1, 2022 or later date determined by CFPB
- Credit reporting agencies prohibited from reporting all negative information resulting from Covid-19 during the emergency declaration period except felonies.
- Delays implementation of new credit scoring models if they hurt significant percentage of consumers
- Provides up to \$10K in principal reduction for private student loan borrowers.

## Housing

- \$75b assistance to homeowners for mortgage payments, property taxes, property insurance, utilities, and other housing related costs.
- \$100m for housing counseling
- Moratorium on evictions for non-payment of rent for 12 months from enactment for all residential leases
- Forbearance for rental housing providers for 12 months
- Liquidity facility for multifamily property owners to take out loans to cover rental losses
- \$309m for rural rental assistance
- \$100b emergency rental assistance
- \$5b CDBG funding
- \$14 million for fair housing activities

## Small Business and Commercial

High Level Take-Aways: The legislation makes some improvements, adds some needed flexibility to the loan programs which may be helpful to our members/their clients.

- Appropriates an additional \$10 billion for the SBA EIDL grants.
- Gives all 501(c) organizations access to apply for PPP loans.
- Extends the covered period for PPP loans through the end of the year (from June 30), and allocates that 25% of PPP loan funds be set aside for small businesses with ten or fewer employees; 25% for nonprofits; and the lesser of 25% or \$10 billion for loans guaranteed by community financial institutions.
- Extends the rehire exemption through the end of the year, and exempts employers who cannot rehire a specific employee and cannot find an appropriate replacement for that person.
- Allows non-forgiven PPP loan amounts to be eligible for the Employee Retention Tax Credit.
- Increases the maximum loan amount for both the SBA 504 and the SBA 7(a) loans to \$10 million each.



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- Allows nonprofits access to the Main Street Lending Facility, and mandates the creation of a low-cost loan for small businesses and nonprofits with no minimum loan size.
- Provides a temporary moratorium on small business and nonprofit debt collection during the COVID-19 crisis and for 120 days.
- Provides reasonable forbearance and repayment options for small businesses and nonprofit organizations when payments resume after the debt collection moratorium.
- Small Business and Non-Profit Lending – Through the Main Street Lending Program, one low-cost loan option shall be made available to small businesses and small non-profits, without a minimum loan size. Currently, there is a \$500,000 minimum loan size to participate in the program
- SAFE Banking Act - NAR supported legislation that provides state-legalized cannabis businesses access to federally-insured banks).

## Unemployment

- Extension of the Pandemic Unemployment Assistance (PUA) benefits and the additional \$600 per week Federal Pandemic Unemployment Compensation (FPUC) to January 31, 2021. Also, includes a phase out for certain individuals by March 31, 2021.
- Enhances state flexibility to verify income for PUA applicants, including data from mobile apps used by gig economy workers.
- Clarifies that treatment of the federal pandemic unemployment compensation for eligibility of federal and state assistance programs.
- Extension of full federal funding for states extended unemployment benefits through June 31, 2021.
- Authorizes \$925 million to assist States in processing unemployment insurance claims.

## Tax

- Expands CARES Act Economic Impact Payments to individuals who have a Taxpayer ID Number (rather than a Social Security number)
- Provides additional refundable tax credits of \$1,200 for each family member (maximum 3 dependents) – round two of Economic Impact Payments
- Eliminates SALT cap of \$10,000 for 2020 and 2021
- Increases CARES Act employee retention credit from 50% to 80% and also increases limit on wages from \$10,000 to \$15,000 per quarter and other enhancements



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- Provides a 50% refundable payroll tax credit for certain qualified fixed costs of employers that are subject to closure by COVID-19 – these include rent, mortgage, utility payments, with maximum of \$50,000
- Provides a 90% refundable individual income tax credit for certain self-employed individuals who have experienced a significant loss of income; phase-out starts at \$60,000 for singles and \$120,000 for joint returns with max credit of \$45,000
- Extends the payroll tax credits of FFCRA through the end of 2021 and makes other enhancements to the credits
- Provides payroll tax deferral for businesses receiving PPP loan forgiveness
- Clarifies that businesses receiving PPP loan forgiveness do not have to pay tax on forgiven debt and still can deduct expenses.
- Waives Required Minimum Distributions (RMDs) from pension plans and IRS for 2019 (CARES Act waived them for 2020)
- Waives 60-day rule in case of rollover of otherwise required RMDs in 2019 and 2020 (allows RMDs to be rolled back into retirement plans by 11/30/2020)
- Expands CARES Act Economic Impact Payments to provide \$500 for all dependents (not just children under age 17)
- Expands Earned Income Tax Credit for individuals with no children for 2020
- Increases the amount of the current-law Child Credit to \$3,000 (\$3,600 for children under age 6) and makes it fully refundable for 2020; also adds 17- year-olds as eligible children
- Makes the Child and Dependent Care Tax Credit fully refundable for 2020 and increases maximum rate to 50%; also increases phaseout to begin at \$120,000 instead of \$15,000 and doubles amount of expenses that are eligible for credit to \$6,000 for one dependent and \$12,000 for two or more
- Increases exclusion for employer-provided dependent care assistance from \$5,000 to \$10,500 for 2020
- Allows for early distributions and loan relief for money purchase pension plans (MPPs), as part of the special retirement rules in the CARES Act allowing for early distribution and loan relief for retirement plans during the COVID-19 relief period. Restricts certain CARES Act Net Operating Loss (NOL) rules

## Health Insurance

- Creates a special enrollment period in Affordable Care Act exchanges for the uninsured.
- Eliminates COVID19 cost sharing for Medicare, Medicaid and Affordable Care Act plans.
- Provides COBRA premium subsidies to maintain employer-sponsored health coverage.



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## Broadband

- Provides \$1.5 billion through the E-Rate Program immediately for schools and libraries to purchase hotspots, connected devices, connectivity and related equipment to facilitate distance learning.
- Prohibits telephone and broadband service providers from stopping service to consumers unable to pay during the duration of the emergency. Prohibits them from imposing data caps.
- Requires that Lifeline providers make unlimited minutes and unlimited data available to those that rely on the Lifeline program to stay connected to phone or internet service and provides additional support.
- Provides \$4 billion for emergency home connectivity needs. Specifically, provides up to \$50 a month for those low-income families already eligible for the Lifeline Program—and for those that have been laid off or furloughed—to pay their internet service bills during the emergency.

## Census

- Provides \$400 million for Census Bureau for expenses due to delays in the 2020 Census
- Provides \$10 million for the Census Bureau for Current Surveys and Programs
- Modifies the 2020 Census Deadline and delays the publication of apportionment and state redistricting data by 120 days, due to operational delays due to the coronavirus.
- Requires the Census Bureau to provide monthly reports to the House Committee on Oversight, the Senate Committee on Homeland Security & Govt. Affairs, and the House and Senate Appropriations Committees on operational information and updates about the 2020 census.

## Paid Sick Leave & Family and Medical Leave (FMLA)

- Expands eligibility for FMLA leave regardless of employer size for leave related to COVID-19 (i.e. self-isolation; caring for a sick individual; caring for a child whose school has closed; etc.).
- Extends the refundable payroll tax credits for paid sick and family leave through the end of 2021.
- Expands the amount of paid family leave tax credits employers may take from \$10,000 to \$12,000.
- Temporary suspension of the current hour eligibility requirement and reduces tenure eligibility to ensure rampant unemployment and furloughs do not prohibit FMLA eligibility for workers.



### **Transportation and Home Energy Assistance**

- \$15 billion for highway infrastructure programs and \$15.75 billion for public transportation.
- \$1.5 billion to expand the Low-Income Home Energy Assistance Program.
- \$1.5 billion in grants to help low-income families cover the costs of water bills.

