

# Coronavirus Advocacy FAQs

NAR's Federal Advocacy team has been working closely with Congress and the Administration to ensure the interests of REALTORS® and their clients are protected in any federal action in response to COVID-19, in addition to minimizing transaction disruptions during these very difficult circumstances. As the actions out of Washington evolve daily, below are a number of Q&As to address the ongoing fixes being proposed and implemented in response to the pandemic.

Congress has now passed three stimulus/relief packages dealing with COVID-19. We have incorporated the provisions of those bills into this document. The Administration is providing more relief by the day. We will update this document as events warrant.

## REALTOR® Business Operations

- **What is NAR doing to help State REALTOR® Associations lobby to ensure real estate services are considered "essential" when/if their areas are under a "Stay at home" order?**

The Federal Cybersecurity and Infrastructure Security Agency (CISA) provides a "List of Essential Critical Infrastructure Workers" as a guide to states and cities to use when they release emergency orders about "essential" and "non-essential" workers in efforts to prevent the spread of COVID-19. NAR is working with the White House and the Department of Homeland Security to expand the definition of "essential" workers to include real estate services. Essential services related to real estate transaction include, but are not limited to, brokerage, title searches, appraisals, permitting, inspections, construction, moving, and the recordation, legal, financial and other services necessary to complete a transfer of real property. Since state and local leaders have the discretion to interpret the CISA guidance, NAR is also working with state associations, many of whom are reaching out to their Governors to request that these real estate services be deemed "essential services" during emergency declarations. NAR is also working closely with industry partners at the American Land Title Association (ALTA) and the Mortgage Bankers Association (MBA) whose members are also greatly impacted by county closures of recordation services.

- **Can I use a remote notary to make my closing happen?**

A number of states allow for remote notary at this time. Find a list here. NAR is supporting legislation to allow remote notary nationwide. We are pushing for the Remote Online Notary (RON) legislation to be included in any of the disaster relief bills. Find information on that bill here. HUD has also supported the use of remote notaries.

- **What is NAR doing to protect/assist landlords and property managers in places where there are moratoriums on evictions and foreclosures?**

The Federal Housing Finance Agency (FHFA) has announced that Fannie Mae and Freddie Mac (the Enterprises) will offer multifamily property owners mortgage forbearance with the condition that they suspend all evictions for renters unable to pay rent due to the impact of coronavirus.

The CARES Act allows multifamily owners who were current on their mortgage payments as of February 1, 2020, and have federally insured, assisted, or supplemented loans (Fannie Mae, Freddie Mac, FHA or any loans backed or assisted by any branch of the federal government, including LIHTC) to request forbearance for 30 days due to financial hardship, with extensions of up to a total of 90 days. Borrowers receiving the forbearance may not evict or charge late fees to tenants for the duration of the forbearance period.

- **My county courthouse is closed, how do I file deed and title?**

Here is a link to a real-time database of offices that are closing or reducing operations as a result of the coronavirus.

- **Are REALTORS® eligible for unemployment?**

Yes. Real estate professionals will be eligible to apply for unemployment insurance benefits, under the “Pandemic Unemployment Assistance” portion of the bill if they have been fully or partially unemployed due to an inability to work as a result of the COVID-19 public health emergency. This includes self-employed individuals and independent contractors. States use a benefit formula to determine benefit amounts. Unemployment benefits will be calculated based upon the weekly amount of compensation that the individual would have been paid as computed by the states for a week of total unemployment. In computing benefit amounts, states consider an individual’s wages based upon the most recent tax year, and net income from all self-employment that was reported on the individual’s tax return.

- **Are there other sources of money?**

The CARES Act provides a number of provisions to provide resources for all Americans.

REALTORS® and their families and their clients, as well as most Americans, with incomes below the thresholds will receive cash payments from the federal government in the amount of \$1,200 per adult plus \$500 for each child under the age of 17. These payments should be sent out starting in April.

REALTORS® with retirement accounts, including IRAs, can take early withdrawals of up to \$100,000 from those accounts without having to pay the 10% early-withdrawal penalty. Those who withdraw such funds can recontribute them to the plan over three years or can keep the money and pay the tax on the withdrawals over a three-year period.

- **I am worried about making payroll in my office, or having significant business losses.**

The CARES Act provides a number of provisions to provide resources for all businesses.

If your business has 100 or fewer employees, you can claim a refundable employee retention tax credit against payroll taxes of up to \$5,000 per employee under certain circumstances. Larger employers also can claim the credit, but with more restrictions.

Employers and self-employed individuals can delay the payment of the employer-portion of the FICA (Social Security) payroll taxes or one-half the SECA (self-employment taxes) until after 2020 – one half is due at the end of 2021 and the other half at the end of 2022.

Businesses with losses can carry back net operating losses (NOLs) to prior taxable years and get refunds of earlier taxes paid.

- **Can real estate brokerages access the small business loans?**

Real estate brokerages that employ 500 or fewer employees are eligible for both the SBA 7(a) “Payroll Protection Program” and the SBA “Economic Injury Disaster Loan” program. Under the expanded 7(a) program, eligible businesses negatively impacted by the COVID-19 crisis can apply for loans covering the period of February 15, 2020 through June 30, 2020. Loan amounts are based on the average monthly payroll expenses for the year prior to the loan, up to \$10 million, and can be used for payroll, mortgage interest, rent and utilities.

Employers who maintain at least 75% of the average level of payroll expenses from the year prior will be eligible to have those loans forgiven. As payroll expenses go below 75% of that average, the forgivable portion of the loan phases out as well.

These loans are available to the self-employed/independent contractors, and the forgivable payroll amounts includes those as well as commission-based employees. The Economic Injury Disaster Loan program provides up to \$2 million for impacted businesses, with a potential \$10,000 advance (disbursed within three business days of applying for the loan) that would be forgivable.

- **The commercial real estate sector includes industries that are particularly vulnerable to the economic threat this poses - restaurants, retail, and offices that will be forced to close for the duration of the crisis and may be unable to reopen. What is NAR doing to address this?**

The CARES Act includes provisions to allow businesses to offset tax losses. The bill allows businesses to carry back net operating losses from 2018, 2019 or 2020 against profitable years, up to five years, and get immediate refunds. The current taxable income limitation is also temporarily removed to allow an NOL to fully offset income.

- **In my area, appraisers have stopped appraising; Now what?**

We have been working with the federal agencies (HUD, FHFA, Freddie Mac, Fannie Mae) about appraisal issues during the crisis. FHFA has directed Fannie Mae and Freddie Mac to utilize appraisal alternatives to reduce the need for appraisers to conduct interior property inspections for eligible mortgages through May 17, 2020.

<https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Directs-Enterprises-to-Grant-Flexibilities-for-Appraisal-and-Employment-Verifications.aspx>

Fannie Mae and Freddie Mac have provided detailed appraisal alternative guidance, including directions on using desktop appraisals and exterior-inspection only appraisals with specific language that appraisers are to use in their reports

<https://singlefamily.fanniemae.com/media/22321/display>

<https://guide.freddiemac.com/app/guide/bulletin/2020-5>

The [VA is allowing](#) appraisers to use Exterior-Only appraisal with enhanced assignment conditions or in limited instances, a Desktop appraisal to complete the VA loan requirements in light of the COVID 19 crisis.

- **I'm not sure I will be able to pay or file my taxes on time for 2019; What do I do?**

The IRS has delayed the due date to file and pay any taxes that are due to July 15, 2020, without penalties or interest. For more IRS information, check [here](#).

- **I can't pay my employees if I am not working; What can I do?**

The Small Business Administration has set up a program for impacted industries to provide targeted, low-interest loans to small businesses and non-profits that have been severely impacted by the Coronavirus (COVID-19). Find out more [here](#).

The SBA 7(a) Paycheck Protection Program, covered above, will provide small businesses with fewer than 500 employees loans of up to 250% of the previous year's average monthly payroll expenses (capped at \$10 million) to cover payroll, mortgage interest, rent, and utilities for impacted businesses. Employers that maintain at least 75% of their average monthly payroll costs during the covered period (February 15, 2020 – June 30, 2020) will be able to have 100% of those loans forgiven; as employers lower their payroll levels below that, the forgivable portion phases out.

- **How do the interest rates being lowered impact us?**

On March 16-17 2020, NAR conducted a flash survey of members on the impact of the coronavirus on their market. The survey was delivered to a random sample of 72,734 members. For 96% of respondents, the majority of their business is residential. For 2% of respondents, the majority of their business is commercial. 45% of members cited there was no notable change in client behavior regarding the stock market and mortgage rate change. There is a one to one ratio of members who cited the stock market correction significantly damaged confidence, to those who cited lower interest rates excited clients. The share of members who cited the stock market correction influenced clients more than doubled from March 9 to March 16. We will continue to update this survey and will provide results here.

## Homeowner/Buyer Questions

- **Does the HUD/FHFA moratorium on evictions and foreclosures cover everyone in the country?**

No, the moratorium only affects borrowers with mortgages backed by Fannie Mae, Freddie Mac, FHA, VA and RHS. This does not apply to the roughly 35% of mortgages held in bank portfolios and private label securities, but some lenders are offering relief.

The [HUD notice](#) only applies to FHA single family mortgage borrowers and Home Equity Conversion Mortgage (HECM) borrowers. The moratorium is set for 60 days (through May 16th). FHFA has also [directed](#) Freddie Mac and Fannie Mae to do the same. Homeowners should check with their mortgage servicer/lender.

- **I'm going to have a hard time making my student loan payments, as my job was put on hiatus during the crisis; What do I do?**

The CARES Act provides 6 months of forbearance on federal student loans. It also prohibits negative credit reporting or involuntary debt collection during forbearance period. The Department of Education has also [waived all interest](#) on student loans for this period. You must contact your loan servicer to being a forbearance.

- **Should we be drinking the water? Is it safe?**

The Environmental Protection Agency (EPA) has [stated](#) that Americans can continue to use and drink water from their tap as usual. EPA has provided important information about COVID-19 as it relates to drinking water and wastewater to provide clarity to the public. The COVID-19 virus has not been detected in drinking-water supplies. Based on current evidence, the risk to water supplies is low.

- **I'm worried about my credit score. What should I do if I miss a few payments due to the crisis?**

The CARES Act implemented provisions to protect credit scores from January 30, 2020 through 120 days after enactment of the national emergency. If customers are making payments, or made arrangement to not make payments, customers must be reported as being current. If a customer was delinquent, but was able to make an arrangement with the servicer and is now current, must be reported as current. The important thing is to reach out to your servicer, bank or credit card company if you are having trouble making your payments

## Commercial Owner Questions

- **I am in the middle of a 1031 like-kind exchange, and now the town I am buying the replacement property in has shut down. I'm not going to make the 180-day deadline; What do I do?**

NAR is pressing the Department of Treasury and Internal Revenue Service to extend the deadlines for 1031 like-kind exchanges. We are working to get these extensions included in any future Administration actions or legislative packages.

- **I may not be able to meet the 31-month "working capital safe harbor" for my opportunity fund investment if development stops; What do I do?**

NAR sent a letter to the Treasury asking for relief for the working capital safe harbor for [Qualified Opportunity Funds](#). We are working to get these extensions included in any future Administration actions or legislative packages.

- **I was in the middle on an eviction for failure to pay of a tenant in my single-family rental property. Now that all evictions are halted, how do I pay my mortgage?**

Your mortgage is likely covered by the moratorium on foreclosure, but hopefully it won't get to that. NAR has worked with a [coalition of organizations](#) to lobby for security in all of the real estate waterfall. If you stop evictions for tenants, you must also provide relief for property owners.

## Independent Contractor/Small Business Concerns

- **Is there a resource for overall benefits for small businesses?**

The House Small Business Committee has put together [this guide](#).

- **Are independent contractors entitled to paid leave?**

Self-employed individuals may be eligible for paid leave administered through refundable tax credits if they meet the qualifications under the FFCRA's Emergency Paid Sick Leave Act if they were: subject to a quarantine or isolation order; has been advised to self-quarantine; is experiencing symptoms; or, must care for an individual who is subject to an isolation order or who is a quarantined employee; or is on leave to care for a son or daughter if the school or place of care for the child has been closed or the child care provider of the child is unavailable, due to COVID-19 precautions.

Eligible self-employed individuals are able to claim a refundable tax credit equal to 100% of the qualified sick leave equivalent amount for those who must self-isolate, obtain a diagnosis, or comply with a self-isolation recommendation with respect to COVID-19. Eligible self-employed individuals caring for a family member or for a child whose school or place of care has been closed due to COVID-19 receive a credit equal to 67% of a qualified sick leave equivalent amount.

For more on the details of the paid leave, see [here](#).

- **Are small business owners required to offer paid leave to employees?**

Under the FFCRA, businesses with fewer than 500 employees must offer extended family and medical leave (FMLA expansion) and the new paid sick leave. For the new paid sick leave, full-time employees can receive up to 80 hours of sick leave, while part-time workers are eligible for leave based on their scheduled or normal work hours in a two-week period. The paid sick leave is calculated based on the employee's regular compensation but is capped at \$511 per day for employees subject to a quarantine or isolation order; has been advised to self-quarantine; is experiencing symptoms; and at \$200 per day if needing to care for an individual who is subject to an isolation order or who is a quarantined employee; or needing to care for a son or daughter if the school or place of care for the child has been closed or the child care provider of the child is unavailable, due to COVID-19 precautions. If an employer already offers paid sick leave, this emergency paid sick leave must be offered in addition to that.

For more on the details of the paid leave, see [here](#).

- **Is there an exemption for small business owners required to offer paid leave to employees?**

The Department of Labor (DOL) has been granted authority to exempt from the paid family and sick leave requirements employers with fewer than 50 employees if the requirement to provide leave would jeopardize the viability of the business. The details of how to obtain this exemption have not yet been released by DOL.

- **Are independent contractors entitled to unemployment insurance?**

Under the CARES Act proposed legislation, there is a provision that provides for temporary *Pandemic Unemployment Assistance* program through December 31, 2020, which provides payment to those not traditionally eligible for unemployment benefits (including the self-employed) who are unable to work as a direct result of the coronavirus public health

emergency. The Department of Labor will administer this program with states' unemployment insurance programs. As this legislation is finalized, more updates will be provided.

- **If small businesses need help with their applications, are there any other resources available to help them fill out the applications?**

SBA has also coordinated with the Resource Partners, including Small Business Development Centers, (SBDCs) who can assist with the application process. The list of SBDCs is available online at: <https://www.sba.gov/local-assistance/find>

## **TAX CREDITS FOR SICK TIME AND FAMILY LEAVE**

- **Does a REALTOR® need to itemize their deductions in order to qualify for the credits?**

The tax credits are available whether the tax filer itemizes deductions or not. If the REALTOR® is self-employed, the tax credit will reduce his or her income or self-employment taxes and also the quarterly estimated tax payments.

- **What if I have a limited liability company (LLC) or an S corporation?**

If an owner of an LLC has employees, they will have Social Security and withholding tax liabilities for the employer's share to pay over to the IRS. The tax credits can be used to reduce these payments, thus saving the employer cash within days or weeks. If the LLC has no employees, the answer is the same as in the question immediately above. For owners of S corporations who are also employees, the tax credits can be used to reduce tax payments due to the IRS, as with LLCs.

A full explanation of the new law related to sick leave and tax credits can be found [here](#).

## **Association Matters**

- **Are NAR REALTOR® Party grants still available?**

Yes, all NAR's grant programs are still operating. Leverage a Housing Opportunity, Smart Growth and/or Fair Housing grant to position your association as a leader in your community by hosting an online or virtual event addressing affordable housing challenges, community planning and development issues, revitalization opportunities, and fair housing education. If you need more information, application deadlines, and/or clarification about whether the event meets grant criteria, contact Wendy Penn for Housing Opportunity or Hugh Morris for Smart Growth and Fair Housing.

REALTOR® Party Leaders available for virtual meetings and events: Beginning April 1, members of the 2020 REALTOR® Party Travel Team are available to "dial-in" and speak to your group if your association is hosting a virtual meeting or event. Offerings are quick, 5-10 minute issue overviews on topics such as Get Out The Vote, Voter Registration, Fair Housing activities, Community Outreach programs, and other REALTOR® Party programs and services. To schedule, please contact Vanessa Lopez at [VLopez@NAR.REALTOR](mailto:VLopez@NAR.REALTOR).

- **I had an NAR REALTOR® Party grant for an event I now had to cancel. What do I do?**

NAR Community Outreach Grants can be used for virtual/on-line activity: Leverage a Housing Opportunity, Smart Growth and/or Fair Housing grant to position your association

as a leader in your community by hosting an online or virtual event addressing affordable housing challenges, community planning and development issues, revitalization opportunities and fair housing education. If you need more information, application deadlines and/or clarification about whether the event meets grant criteria, contact Wendy Penn for Housing Opportunity or Hugh Morris for Smart Growth and Fair Housing.

State and local REALTOR® associations receiving approval for a Housing Opportunity, Smart Growth, Placemaking or Fair Housing grant must use the award within one year of the application date. If your association is participating in an activity supported by an NAR Community Outreach grant that has been rescheduled due to COVID-19 and impacts your ability to meet the one-year deadline, please contact Christine Windle, Director, Community Outreach, 202/383-1135 for an extension. Community Outreach grants that are approved for extension will have until October 31, 2020 to complete the activity.