

COVID-19 Financial Assistance for Long Island REALTORS®



U.S. Small Business
Administration



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STATE OF
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**Department
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New York Forward Loan Fund

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Paycheck Protection Program (PPP)

- PPP is a loan program that is Part of the CARES Act.
- It is for Small Business Administration (SBA) loans through approved lenders to help small businesses.
- The loan application deadline was set to expire June 30, 2020.
- The President just signed an extension of the deadline until August 8, 2020.
- Reportedly \$130 billion in loan funds remaining.

Details of the PPP Loan Program

- Who is Eligible?
 - Businesses with less than 500 employees
 - Non profits 501 c 3
 - Sole proprietorships
 - Self employed individuals
 - Independent contractors
- Offers loans of up to \$10 million for businesses to maintain payroll and related benefits, interest on mortgages and other debts, leases and utility payments.
- Forgiveness is available on a portion of the loan proceeds if employers retain employees during specified period.
- You must apply through an SBA Approved Lender.

Recent Updates to the PPP Loan Program

- Many changes have been made to the PPP program since it was first introduced.
- Key changes are:
 - **PPP forgiveness window goes longer** --Under the original CARES Act, that forgiveness spending window was 8-weeks from the date the loan was made. The Paycheck Protection Program Flexibility Act extends the closing date of the forgiveness spending window for all PPP loans (regardless of their funding date) to the earlier of (a) the date that is 24 weeks after the date of funding and (b) December 31, 2020.
 - The SBA reduced the amount of the loan required to be tied to payroll from 75% to 60% in order to achieve maximum forgiveness.
 - Borrowers need not meet the 60/40 ratio of payroll to non-payroll expenses in order to receive any forgiveness; rather, forgiveness will merely be reduced.

PPP EZ Loan Forgiveness Application

- The SBA has also created a streamlined “EZ Forgiveness Application” for borrowers who are:
 - Self-employed and have no employees; or
 - Did not reduce the salaries or wages of their employees by more than 25% and did not reduce the number or hours of their employees; or
 - Experienced reductions in business activity as a result of health directives related to COVID-19 and did not reduce the salaries or wages of their employees by more than 25%.
- The EZ application is a two page document, with fewer calculations and less documentation.
- The EZ Forgiveness Application can be found at:
<https://home.treasury.gov/system/files/136/PPP-Forgiveness-Application-3508EZ.pdf>

Economic Injury Disaster Loans (EIDL)

- EIDL loans are available for small businesses that have suffered economic harm due to COVID-19.
- Who is eligible?
 - small business or business with 500 or fewer employees
 - includes sole proprietors and independent contractors.
- EIDL provides applicants with immediate funding of up to \$10,000 (\$1,000 per employee, including independent contractors) upon application once eligibility has been verified.
- The advance funding of up to \$10,000 is forgiven and applicants will get it even if they do not qualify for additional funds.
- What can it be used for?
 - paid sick leave to employees unable to work due to COVID-19,
 - maintaining payroll,
 - meeting increased costs due to supply chain disruptions,
 - rent or mortgage payments, and repaying debt obligations.

Recent Updates to the EIDL Loan Program

- The EIDL program had temporarily closed in April to everyone other than agricultural small businesses.
- However, last month the program re-opened.
- You can apply for these loans directly through the SBA at www.SBA.gov/disaster.
- You can apply for both PPP and EIDL, but must put them toward different expenses.
- You should keep good records of expense payments.
- Unlike the PPP, which (as of now) will only receive applications through August 8, 2020, the EIDL program will run through December 31, 2020.

Additional Resources Regarding PPP & EIDL Loans

- NAR has put together an SBA Cares Act FAQ page with more information and answers to frequently asked REALTOR questions about the PPP and EIDL programs.
- NAR's FAQ page can be found at: <https://www.nar.realtor/political-advocacy/coronavirus-sba-cares-act-faqs>
- You should also always consult with your tax and financial advisors to review the full detail and potential pros and cons of these loan programs and other available financial relief programs.

Pandemic Unemployment Assistance (PUA) FAQ and Update

- Many recipients of PUA have questions about the interplay between the receipt of those benefits and the receipt of PPP and EIDL loan funds.
- NAR has created a flyer that answers questions about the intersection of SBA Loans & Unemployment Assistance, which can be found at:
<https://www.nar.realtor/sites/default/files/sba-pua-intersection-2650w-4096h.png>
- NYSAR also has a Frequently Asked Questions page for COVID-19 Pandemic Unemployment Assistance, which can be found at:
<https://www.nysar.com/covid-19-resources/faq-financial-relief/>

If you collect an EIDL and/or PPP Loan does that affect your ability to receive PUA benefits or vice versa? And must you forgo PUA once you receive the loan and/or return the PUA payments you received prior to receiving the loan?

- There is no federal guidance prohibiting individuals from applying for and receiving both PUA and PPP loans or EIDL.
- However, receiving a PPP or EIDL loan may impact eligibility for PUA.
- To the extent someone uses a PPP or EIDL loan to cover their full or partial salary, they may be deemed ineligible for PUA benefits during that period.
- The bottom line -- **you cannot “double-dip”** by obtaining funds from both programs for the same periods of time. If you received a loan covering your pay during a time in which you received PUA, you likely will need to return the PUA funds.

Now that we have progressed to Phase 2 of the New York Forward Re-opening and Real Estate is allowed to operate, am I now no longer eligible for PUA?

- While Phase 2 means that self-employed individuals and independent contractors who are eligible for PUA will be able to engage in more real estate activities, it does not necessarily mean that they will be able to work like they were before the COVID-19 pandemic.
- If you continue to meet the eligibility criteria because you are unable to work four or more days per week and unable to earn more than \$504 per week, you should continue to be eligible for PUA.
- However, if you work four or more days per week, even if it is only for a short time each day, and/or earn more than \$504 per week, that information must be reported when you certify for weekly benefits and it will impact your eligibility.

If I do one real estate activity on 5 different days does that disqualify me from PUA for that week? And what if I earn less than \$504?

- You are not eligible for unemployment or PUA in any week in which you worked 4 or more days and/or earned more than \$504.
- Each day you perform any work counts as a day of employment when you complete your weekly certification for PUA benefits.
- Accordingly, NYSAR advises that you may want to bundle your work so you conduct real estate activities for no more than 3 days per week.

NY Forward Loan Fund

- Gov. Cuomo established the \$100 million New York Forward Loan Fund (NYFLF) for small businesses with 20 or fewer full-time equivalent (FTE) employees, nonprofits and small landlords that have seen a loss of rental income.
- The loans are only for entities that **did not receive a PPP or EIDL loan.**
- The loans are not forgivable (unlike the PPP).
- The loans will need to be paid back over a 5-year term with 3% interest for small businesses (interest only for the first year, principal and interest over the balance of the term).
- The working capital loans are timed to support businesses and organizations as they proceed to reopen and have upfront expenses to comply with guidelines (e.g., inventory, marketing, refitting for new social distancing guidelines) under the New York Forward plan.

NY Forward Loan Fund (Cont.)

- The NY Forward Loan Fund has geographic proportionality goals with the Long Island Region getting 18% and NYC Region getting 30% of available funding.
- Pre-applications for NYLF are now open.
- Priority will be given to industries and regions that have been reopened. This is not a first-come, first-served loan program.
- Applications will be reviewed on a rolling basis.
- More information, including the application is available at:
<https://esd.ny.gov/nyforwardloans-info>
- Nassau County has also set up a website that includes a webinar on how to submit a strong NYLF application. It can be found at:
<https://www.boostnassau.net>

Federal Reserve Main Street Lending Program

- Program involves lending by Federal Reserve to small and medium-sized businesses that were in good financial standing before the onset of the COVID-19 pandemic.
- Alternative to the PPP and EIDL - not connected to SBA.
- Officially opened registration for lenders in June.
- The program is making \$600 billion in loans available, and recently revised down the minimum loan amount to \$250,000 to allow more small and midsize businesses to access the program.

Updates to the Federal Reserve Main Street Lending Program

- The program had been delayed for months as the Federal Reserve sought feedback, but it launched in June. Among the changes announced when it launched are:
 - Lowering the minimum loan size to \$250,000 from \$500,000;
 - Increasing the term of each loan option to five years from four years;
 - Extending the repayment period for all loans by delaying principal payments for two years, rather than one; and
 - Providing that no interest is owed for one year.
- Main Street Lending Program loans originate at local banks.
- Speak to your local lender about the program and your options.

What's Next?

- Analysts are predicting that another big coronavirus aid package may be coming from Congress by late July.
- You should continue to monitor updates from NAR, NYSAR and LIBOR.
- Always consult with your own financial advisor to discuss what financial relief programs make the most sense for your particular situation.
- Beware of scams
 - NY State Department of Labor has warned that fraudsters may target individuals who they know are working and would not need to file for benefits. Check your mail regularly and open all letters from NYS DOL.
 - If you receive a letter from NYS DOL about unemployment benefits that you have not filed for, you could be a victim of UI fraud. Report this at on.ny.gov/uifraud.
- Visit LIBOR's COVID Hub at www.lirealtor.com/covid