

# CARES ACT

## Federal Coronavirus Relief Programs

Learn more about the relief programs passed by Congress that are available to independent contractors and small business owners.

Options for you to consider:

- New and expanded Small Businesses Administration (SBA) loan programs for small business, including real estate agents (self-employed individuals and sole proprietors, even if independent contractors of a brokerage)
- Relief for businesses with existing SBA loans
- Economic relief, including \$1200 for most taxpayers and retirement account withdrawals free of penalties
- Payroll tax credit and deferrals & other tax benefits for:
  - Self-employed individuals and Independent Contractors
  - Employers
- Family Leave Protections and Sick Leave for:
  - Self-employed individuals, including independent contractors
  - Employers and their employees

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## Links to Additional Resources:

NAR overview of the Families First Coronavirus Response Act (FFCRA)

NAR overview of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

U.S. Department of the Treasury CARES Act information

U.S. Department of the Treasury PPP FAQs

SBA PPP Guidelines – 4.2.20 (Interim Final Rule)

## Each SBA Loan Program Has Advantages

There are different SBA loan programs available for COVID-19 relief. Here are some key differences to help you consider which relief might be most appropriate for you.

**Paycheck Protection Program (PPP) Loan** – Bottom line: The PPP Loan can cover key costs, like agent and employee compensation, rent, mortgage interest and utilities, and up to 24 weeks can be forgiven.

<b>Advantages</b>	<b>Loan Forgiveness</b>	<ul style="list-style-type: none"><li>First 24 weeks of certain key costs (Payroll Costs (see below), mortgage interest, rent, utilities) are forgiven if employer doesn't reduce headcount or reduce employee pay more than 40%. If headcount or pay are reduced, loan forgiveness will be reduced proportionately. The loan will be fully forgiven if the funds are used for Payroll Costs, mortgage interest, rent, and utilities (but at least 60% of the forgiven amount must have been used for Payroll Costs).</li></ul>
	<b>"Payroll Costs" covers commission payments and applies to independent contractors</b>	<ul style="list-style-type: none"><li>A PPP loan can be used by independent contractors, and by companies to pay independent contractors – like most real estate agents – even commissions. Self-employed individuals can get a loan to cover Payroll Costs that they would have received and employers (like brokers or teams) can get loans to continue paying compensation they would have paid to independent contractors, even as commissions. This is in addition to wages to traditional employees.</li><li>Payroll Costs are capped at \$100,000 annualized compensation per person—about \$15k for an 8-week period.</li></ul>
<b>Downside</b>	<b>Limited time only</b>	<ul style="list-style-type: none"><li>Applications will only be accepted until June 30, 2020.</li></ul>

**Economic Injury Disaster Loan (EIDL)** – Bottom Line: An EIDL can cover more costs, for a longer period, and you can take more time to pay it back. If you have already applied for an EIDL, applications are being processed on a first-come, first-served basis. If you have not yet applied for an EIDL, the SBA will only be accepting new EIDL applications for U.S. agricultural businesses.

<b>Advantages</b>	<b>Longer duration</b>	<ul style="list-style-type: none"><li>Covers all of 2020: Apply until mid-December 2020 and use the EIDL loan for expenses through December 31, 2020.</li><li>Can have a term of up to 30 years.</li></ul>
	<b>Additional uses</b>	<ul style="list-style-type: none"><li>An EIDL can also be used to repay debts that cannot be repaid due to lost revenue.</li></ul>
<b>Downside</b>	<b>Only covers traditional payroll costs</b>	<ul style="list-style-type: none"><li>Compensation to independent contractors is not covered.</li><li>Self-employed individuals can't use the loan to cover their own compensation.</li></ul>
	<b>No loan forgiveness</b>	<ul style="list-style-type: none"><li>Loan must be re-paid in full.</li></ul>

**SBA Express Loan** – Bottom Line: Unless you need the funds quickly, you'll find the SBA Express Loan lacks key advantages of the other programs outlined above and is not available to self-employed individuals.

<b>Advantages</b>	<b>Fast loan decision</b>	<ul style="list-style-type: none"><li>Decision in 36 hours.</li></ul>
	<b>Broad uses</b>	<ul style="list-style-type: none"><li>Covers many kinds of working capital expenses, debt refinancing, or seasonal lines of credit.</li></ul>
<b>Downsides</b>	<b>Cost</b>	<ul style="list-style-type: none"><li>Potentially higher interest rate, may require collateral, no loan forgiveness.</li></ul>

**You have to choose!** You can't apply for both a PPP Loan and an EIDL for the same purposes (say, to cover Payroll Costs), though you can re-finance a pre-existing EIDL into your PPP. And since PPP loans are limited to 2 ½ months of Payroll Costs, you might want to supplement your PPP Loan with an EIDL to cover other costs.

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