

NAR Commercial Real Estate and COVID-19 Advocacy April 1, 2020

SBA Loan Programs: Economic Injury Disaster Loans (EIDL) advance grants and Paycheck Protection Program (PPP) loans

[Read NAR's FAQ on both SBA programs here.](#)

Economic Injury Disaster Loans: The Small Business Administration (SBA) offers Economic Injury Disaster Loans (EIDL) for businesses impacted by declared disasters, which includes COVID-19. The Administration updated its resources to reflect the process for applying for an EIDL loan if you are impacted by the crisis. The relief packages have included over \$10 billion in appropriations for the EIDL program. In addition, the CARES Act created an EIDL grant program which provides up to \$10,000 in advance funds to small businesses applying for EIDLs; that amount would be forgivable at the end of the crisis. These applications go directly through the SBA.

- [SBA EIDL application page](#)

Paycheck Protection Program Loans: The third relief package passed by Congress, H.R. 748, the CARES Act, dramatically increased the SBA's role in providing support for small businesses negatively impacted by the COVID-19 crisis. The bill appropriates \$349 billion in funding for the 7(a) "Paycheck Protection Program," increases the loan limit to \$10 million, and expands eligible businesses to any with 500 or fewer employees. All or a portion of these loans will be forgivable, based on employers keeping employees on payroll during the crisis. They can be used for payroll, rent, mortgage interest and utility costs. NAR successfully advocated for language specifying that independent contractors and commissioned employees are eligible for these benefits. The Treasury Department released the application form for these loans on March 31; starting April 3, small businesses and sole proprietorships can apply, and starting April 10 independent contractors and self-employed individuals can apply (find an SBA lender here).

- [SBA 7\(a\) Paycheck Protection Program application form](#)
- [Treasury Department Paycheck Protection Information Sheet for Borrowers](#)



1031 Like-Kind Exchange deadline extension: [NAR successfully advocated](#) for an extension of deadlines for 1031 like-kind exchanges due to the COVID-19 crisis, as these deals may be delayed as a result of the crisis. On April 9, the IRS announced extensions of several tax deadlines, including for 1031s; specifically, if an investor has taken the first step of a like-kind exchange by selling the old property, and either the 45-day or the 180-day deadline falls between April 1 and July 15, the deadline has been extended to July 15.

- [IRS Announcement on Tax Deadline extensions](#)

Qualified Opportunity Funds: [NAR successfully advocated](#) for an extension of Qualified Opportunity Funds investment deadlines in response to delays that may come about due to the COVID-19 crisis. Specifically, the IRS announced on April 9 that if an investor who sold a capital asset planned to roll over the gain into an Opportunity Fund and the 180-day deadline to do so falls between April 1 and July 15, 2020, he or she can make the investment as late as July 15

- [IRS Announcement on Tax Deadline extensions](#)

Multifamily Housing: NAR is part of an industry coalition advocating for both tenant and landlord support measures in relief packages. NAR recognizes that relief for tenants who are unable to pay rent due to loss of salary or employment from the crisis is crucial, and that it must be balanced with proportionate measures providing relief for the landlords and property managers who will lose their income if they are not collecting rent.

The Federal Housing Finance Agency announced on March 23 that it is directing Fannie Mae and Freddie Mac to 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 the COVID-19 crisis. Estimates are that about 45-50% of the multifamily universe will be covered by this.

If you are not covered by the forbearance, we recommend you call your lender/servicer and ask if they would offer forbearance or a repayment plan during this time.

Housing providers are also likely eligible for some of the programs offered by the Small Business Administration. A rental housing provider that qualifies as a small business and operates in a state with a Presidential declaration of disaster is eligible for SBA-sponsored Economic Injury Disaster Loans (EIDLs) and possibly the Payroll Protection program. Information can be found in our FAQ at nar.realtor/coronavirusFAQ and [here](#) from the US Chamber of Commerce.



There are also some tax benefits available to property owners, depending upon how their businesses are structured. Multifamily owners whose primary business is owning/managing that property may be eligible for a new provision in the CARES Act that allows businesses to carry back tax losses against earlier years when tax was paid. Specifically, 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 a net operating loss to fully offset income.

- [Coalition Letter on Multifamily Property Owner and Manager Support](#)
- [FHFA Announcement on Eviction Suspension Relief and Mortgage Forbearance for Multifamily Properties](#)
- [NAR Legal: Transaction Guidance During COVID-19](#)

Remote Notarization: Currently, only 23 states allow for remote notarization. At a time when more businesses are being forced to temporarily close, or to switch to remote work due to the COVID-19 crisis, remote notarization is an important tool to keep real estate transactions moving ahead. NAR supports the “Securing and Enabling Commerce Using Remote and Electronic Notarization Act of 2020” (SECURE Notarization Act), which would continue and expand access to remote online notarization (RON), permitting nationwide use of RON and secure interstate recognition.

- [NAR Letter in support of the SECURE Notarization Act](#)

Property Management Guidance

NAR affiliate the Institute of Real Estate Management (IREM) has many helpful resources on [their website](#). Also included is a helpful [pandemic guide](#) that includes steps to take to protect your property, your employees and your tenants during a pandemic.

Qualified Improvement Property Technical Fix: The CARES Act includes a technical fix for qualified improvement property, an error from the Tax Cuts and Jobs Act of 2017 which NAR has been advocating to resolve since. With passage of the CARES Act, businesses are able to write off immediately the costs associated with making internal improvements to certain real estate (including restaurants and retail stores), instead of having to depreciate them over the 39-year life of the building. This allows companies to file for refunds with an amended tax return for 2018 and access cash, and also encourages them to continue to invest in internal improvements to buildings.

Business Tax Provisions

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 a net operating loss to fully offset income.

Federal Business and Employee Recovery Fund

NAR is working in coalition with other industry partners to advocate for a federally-funded “Business and Employee Continuity and Recovery Fund” in the “Phase 4” COVID-19 relief package. This recovery fund would bring much-needed liquidity to impacted businesses, especially retailers and restaurants that have had to shut-down due to COVID-19. The relief would be designed to help businesses retain and rehire employees, maintain worker benefits, and meet operating expense obligations. It would build upon the small business relief provisions included in the CARES Act to further assist with economic recovery and give businesses a chance to reopen once the crisis is over.

- [Industry Coalition Letter in support of a Business and Employee Continuity and Recovery Fund](#)

