



Financial Resources for Real Estate Brokers and Firms

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QUESTION: The stay at home orders and uncertainty in the real estate market are making it really difficult for me to run my firm. My agents also need help. Are there any financial resources available to help us through this coronavirus outbreak?

ANSWER: Yes. The stimulus bill recently passed by the federal government, the CARES Act, has several programs available for real estate agents and firms.

The first is called the Paycheck Protection Program (“PPP”). Under the PPP, small businesses (500 or fewer employees) and sole proprietors can apply for a loan to cover expenses for any 8-week period between February 15th and June 30th. As long as the business owner maintains a certain level of payroll expenses, the loan can be forgiven.

Independent contractors that are affiliated with a firm are not considered employees under the PPP, because they are eligible for the program themselves. Thus, if a broker is an independent contractor affiliated with a firm, both the broker and the firm can apply for benefits under the PPP. In its application, the firm will not count the broker as an employee.

The second program available in the CARES Act is called Economic Injury Disaster Loans (“EIDL”). While qualifying borrowers can seek up to \$2 million in assistance under this program, the first \$10,000 can be disbursed in as little as three days. The \$10,000 advance can be forgiven if it is spent on certain business costs, such as paid leave, payroll, mortgage, rent, debt repayment, and increased costs due to the outbreak. Sole proprietors, independent contractors, and small businesses (500 or fewer employees) can apply for EIDL in addition to seeking assistance under the PPP.

Finally, the CARES Act provides that unemployment relief will be available to brokers, even if they are considered an independent contractor. This program will be administered by the State of North Carolina and will operate similarly to the existing system. But, because there are several important differences in how this program will be administered, it will use a separate application process. Though the program is not yet up and running, we hope that it will be on or before April 10th. Follow developments the North Carolina Department of Labor to get the latest information on that process.

You can find the application for the PPP [here](#), and you can fill out an online application for an EIDL [here](#). The National Association of REALTORS® has worked hard to lobby for these benefits, and they have provided a helpful Q&A with more details [here](#). Brokers and firms thinking of applying for either the PPP or EIDL are advised to do so as soon as possible.

In addition to these new federal programs, brokers and firms should also consult with their insurance carrier if they have a business policy. While most policies exclude coverage for pandemics such as this one, some do offer coverage.

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