



NYSAR

Financial Concerns for Real Estate Professionals COVID-19 Edition

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Session Overview

- Current financial assistance landscape – solid footing
- Market outlook – shape of the residential market
- Best practices – how to safely get back to business
- Inventory of personal finances – protecting your savings
- Exciting news! – new 401k launch exclusively for NYSAR

Current financial assistance landscape

- CARES Act
- PUA
- PPPFA
- Retroactive Unemployment Benefits

Coronavirus Aid, Relief, and Economic Security Act

What it means for REALTORS®

- CARES Act is a \$2.2T economic bill signed into effect on March 27, 2020.
- Provides Unemployment Benefits for REALTORS®
- Established “Pandemic Unemployment Assistance” for self-employed, independent contractors, and others who are unable to work as a direct result of COVID-19
- Affordable Housing - foreclosure, eviction and forbearance provisions
- Economic Injury Disaster Loans will be available to businesses with 500 employees or less, including sole proprietors, cooperatives and independent contractors. Loans may be used for paid sick leave to employees impacted by COVID-19, Payroll, Rent / Mortgage Payments
- SBA 7(a) Payroll Protection Program – REALTORS® who are negatively impacted by the COVID-19 crisis are able to apply for SBA 7(a) loans of up to \$10 million to cover business operating costs, including payroll.
- Retirement Accounts – REALTORS® with retirement accounts, including IRAs, can take early withdrawals of up to \$100,000 without having to pay the 10% early-withdrawal penalty.

PUA: Pandemic Unemployment Assistance

This new law provides:

- PUA: Extends eligibility to individuals traditionally ineligible for UI benefits.
- Pandemic Unemployment Compensation: Additional \$600 per week, over regular benefits to all UI recipients through July 31, 2020.
- Pandemic Emergency Unemployment Compensation: Additional 13 weeks of UI benefits, beyond the 26 weeks already provided by New York State, total of 39 weeks of coverage.

If You Are Not Traditionally Eligible for UI Benefits - What you should do:

- Check your eligibility for PUA.
- If you believe you are eligible, apply online at unemployment.labor.ny.gov.

You may qualify to receive:

- 39 weeks of PUA, if you qualify, your benefit rate will be based on your recent earnings.
- \$600 paid the first week of your unemployment claim, no earlier than 04/05/20.

PUA: Pandemic Unemployment Assistance (cont'd)

- **You should apply if** - you are unable to work as a result of the coronavirus pandemic and any of the following apply to you: Self-employed New Yorkers; diagnosed with COVID-19 or who have COVID-19 symptoms and are seeking a diagnosis; Those living with a household member who has been diagnosed with COVID-19; Those providing care for a family or household member diagnosed with COVID-19; A primary caregiver for a child unable to attend school or another facility due to COVID-19; Those unable to reach their place of employment due to an imposed quarantine or because they have been advised by a medical provider to self-quarantine due to COVID-19; Those who quit their job as a direct result of COVID-19; Those whose place of employment closed as a direct result of COVID-19; New Yorkers otherwise not qualified for regular or extended UI benefits and affected by COVID-19.
- **If you qualify for PUA** - your benefit rate will be based on your recent earnings. You will also receive an additional \$600 per week until 7/31/2020.
- **DOL has launched** an updated, streamlined online application that allows New Yorkers to apply for either traditional UI or PUA, depending on their eligibility. You do **not** have to complete a separate application for PUA.
- **The Best Way to Apply Is Online:** Visit unemployment.labor.ny.gov.
- The application will determine which program — UI or PUA — you should be applying for and then prompt you to answer program-specific questions.
- DOL will process your application and contact you if any additional information is needed.
- If you've already applied for PUA, you do not need to take any action. If DOL needs additional information, a representative will contact you.
- You can check the status of your claim online by logging into your NY.Gov account on the DOL website. If you see it is still pending, no action is required; we have added thousands of DOL representatives who are working seven days a week to process your claim as quickly as possible.

Paycheck Protection Program Flexibility Act (PPPFA)

- The SBA 7(a) Paycheck Protection Program loans (PPP loans) are intended to cover expenses for a business. They can be used for payroll costs, rents, mortgage interest, and utilities.
- Businesses can get the lesser of either 2.5x the average monthly payroll expenses they had for the year prior to the loan or \$10 million dollars. When calculating payroll expenses, individual employee salaries are capped at \$100,000 (prorated per month). Independent contractors must base their loans on their 2019 net earnings, as shown on their 2019 Form 1040 Schedule C, line 31.
- Payroll expenses under the CARES Act are the sum of: Salary, wage, or commission; Cash tips; Payment for leave; Dismissal or separation allowances; Group health care benefits payments (including insurance premiums); Retirement benefit payments; State or local tax on the compensation of employees.
- The income of a sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, or similar compensation.
- The SBA is waiving ordinary application fees for the 7(a) PPP loans.
- Up to 100% of the 7(a) PPP loans are forgivable. Small businesses with employees and independent contractors have different forgiveness specifications though.
- On June 17, the SBA and the Treasury released updated forgiveness forms and guidance to reflect the changes made by the PPP Flexibility Act. There are now two forgiveness applications: an “EZ Forgiveness Application” and a “Full Forgiveness Application.”
- Yes, sole proprietors and independent contractors are eligible for the SBA 7(a) PPP loan program. They will have to provide documentation to prove eligibility, including payroll tax filings to the IRS, a 2019 IRS Form 1040 Schedule C, Forms 1099-MISC, and income and expenses from the sole proprietorship. They also need to supply their lender with documentation that they were in operation on or before February 15, 2020 – such as a bank statement, 2020 invoice, or book of record.

Paycheck Protection Program Flexibility Act (cont'd)

- On June 5, the Paycheck Protection Program Flexibility Act (PPFPA), was signed into law, to address concerns expressed by small businesses regarding the Paycheck Protection Program (PPP) aimed at providing COVID-19 relief.
- Extends the PPP program through the end of this year. The application deadline remains June 30, 2020;
- Increases the amount of time borrowers have to use their loans from 8 to 24-weeks (borrowers who use it in 8 will not be penalized);
- Decreases the mandatory payroll amount of the loan from 75% to 60%;
- Extends the forbearance period for a PPP loan from six-months to a year;
- Extends the re-hire exemption for businesses from June 30 to December 31.

Retroactive Unemployment Benefits

- The New York State Department of Labor is committed to ensuring that all New Yorkers get the backdated payments that they are entitled to. In order to facilitate the process, the DOL is using DocuSign's secure digital technology.
- If you are missing weekly certifications, the DOL will send you an email asking you to fill out a form using DocuSign. Please note that these emails are not a scam and the technology is safe and secure. If you receive an email from the DOL, fill out the form and submit it to certify for previous weeks and get your benefits as quickly as possible.
- Please check your email inbox and junk/spam mail for an email from "NYS Department of Labor via DocuSign." If you are missing certifications and have not received an email yet, don't be alarmed. The DOL is continuing to reach out to individuals with missing certifications.

Market outlook

- Home sales, nationally, declined by 18% April m/m, difficult to show homes
- Sellers waiting for improvement related to the virus before listing
- Home prices hit a record high increased 7% y/y in April, low inventory
- 3rd month in a row of price appreciation
- Need more housing supply
- Expect many of the lost jobs to return in second half of the year
- 70% of Americans consider themselves having secure employment
- Record low mortgage rates add support to the housing market
- Mortgage applications rebounding extremely strong as buyers return to the market, pent up demand
- U.S. needs more housing listings, key theme

Best practices – Phase 2 Mandatory

- Showings are only allowed in unoccupied or vacant properties
- Face coverings must be worn at all times by all individuals visiting the property
- Replace or clean and disinfect gloves after every showing
- Clean and disinfect high-touch surfaces before or after every showing
- Stagger showings in order to avoid the congregation of people outside and inside
- Open houses are only allowed with one party inside the property at a time

Best practices – Phase 2 Recommended

- Gloves and shoe-coverings are recommended in addition to face-coverings
- Provide face coverings and gloves to prospective buyers and/or tenants
- Sellers / lessees are advised to open all doors and cabinets, turn on all light switches to ensure minimal touching of surfaces
- Advise prospective buyers / tenants to only touch essential surfaces
- Limit showing of common building amenities in-person
- Encourage only one party to be allowed inside the property at a time
- Prospective buyers / tenants are encouraged not to bring young children to property showings
- Limit brokers / salespeople from driving in the same care with prospective buyers / tenants. If unavoidable, face coverings must be worn by everyone and the vehicle should be cleaned and disinfected
- Conduct remote walkthroughs rather than in-person walkthroughs

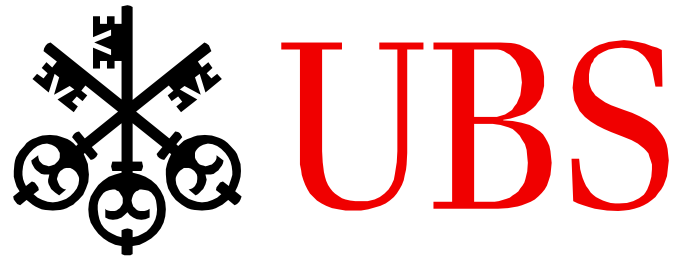
Inventory of personal finances

- Pandemic has presented new risks and opportunities.
- Winners and losers are being established.
- Consumers are demonstrating new purchasing habits.
- Global response from nation states has been uneven.
- Domestic stimulus anticipated to remain intact.
- Supply chain reworking will have significant impact.
- Record low interest rates and negative rates add to risk.
- Coordinated fiscal stimulus and inflation.

Exciting news – New 401k Exclusive for NYSAR Members!

- Secure Act was passed at the end of 2019, this paved the way for Multiple Employer Plans. This is a new structure for retirement savings.
- The creation of Multiple Employer Plans has been in development since 2013 and has finally come to fruition.
- This adoption allows for Pooled Employer Plans and is being rolled out to NYSAR Members currently.
- NYSAR Members are now able to establish their own NYSAR Member 401k Plan with structure nearly identical to corporate plans.
- Please reach out to me for more information and to enroll!

Until our next conversation



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