



# FINANCIAL RELIEF FOR REALTORS® DURING COVID-19

## Q and A

### **UNEMPLOYMENT**

#### **What is the process to apply for unemployment in Illinois for REALTORS®?**

Independent contractors must first apply for benefits under traditional unemployment through Illinois Department of Employment Security (IDES), and be rejected for benefits through that system. You must then file through the Pandemic Unemployment Assistance (PUA) portal. You will have the choice of receiving a debit card that your benefits will be added to, or direct deposit, once you have been accepted for benefits and the level of benefits has been determined. You may receive your debit card before determination of benefits. Funds will be added to the card once determined and awarded.

[STEP 1 - File for traditional benefits here.](#)

[STEP 2 - File for PUA benefits here.](#)

If you applied for unemployment and were denied between April 1, 2019, and the current date, DO NOT re-apply. Instead go into the unemployment account you previously set up and set up direct deposit for payments you may receive in the future.

#### **I filed for benefits and haven't heard anything since. What do I do?**

The [IDES website](#) has a chat box that answers general questions. You can also try calling IDES at 800.244.5631, but patience will be required. Both traditional and PUA portals have been overwhelmed with claims, and claim status can be difficult to come by.

#### **Can I apply for PUA, other federal programs, and other county programs at the same time?**

At this point, members can apply for more than one program at a time. Should you receive loans or grants from other programs, it is important that you report that information truthfully on your application for unemployment. It is also recommended that you speak with your tax expert to verify the best game plan for you.

#### **If REALTORS® are considered "essential," and I am transacting closings, although well below my typical income due to the Coronavirus, do I qualify for unemployment?**

It is the intent of the program to assist those whose income was notably affected due to COVID-19. Even though you are making money, you can apply for PUA and demonstrate depleted income.

## **Do REALTORS® qualify for the \$600 additional benefit provided through the CARES Act under PUA?**

Yes. This benefit will be provided through July 1st.

## **Who do I show as the “employer” on my unemployment application?**

You indicate self-employed as “employer,” not your Brokerage. By listing your brokerage as your “employer” it will trigger an unemployment claim to that office on your behalf, which the brokerage will have to clarify and contest.

## **In addition to 1099 income, I have a minimal part time job. Will I be denied under traditional unemployment? What if I receive a weekly benefit of “0” under traditional unemployment due to a part-time job I no longer have, and am not earning income as a REALTOR® right now due to COVID-19?**

There are several unintended glitches with the new program, and these are a couple of them. If you are denied and believe you should be covered under PUA, you can appeal the IDES decision. From the IDES website; *‘If claimants receive an eligibility determination of \$0, they can then appeal that decision by providing verification of wages earned, or they can submit a claim for PUA benefits.’*

## **I receive social security (or a pension), and now work in real estate. Do I qualify for PUA?**

You should definitely apply for unemployment benefits and be honest about your income through these sources. You might also wish to consult your tax professional to discuss any consequences.

An additional resource is a [comprehensive video](#) provided by NAR, relating to filing for PUA benefits.

## **LENDING**

### **I have an auto loan and accepted 90 days forgiveness. Do I still need to pay the monthly interest?**

Please contact your service provider for the auto loan.

### **I’m not applying for unemployment because I believe it might affect my ability to obtain a loan in the future, correct?**

While receiving unemployment during COVID-19 will likely increase the chance of raising a red flag on your loan application, your chances of obtaining a loan will increase when you demonstrate the ability to earn a reasonable income after the crisis, you’re back on the job, and off unemployment.

### **Does forbearance work for commercial mortgages?**

Please contact your service provider for details.

## **My client filed for forbearance but continued to make payments on time, and in full. Can they refinance at a lower rate?**

Contact the service provider and request removal from forbearance. If the forbearance is not listed on the credit report, the borrower will qualify for refinancing.

## **If 1 – 2 months into forbearance you realize you do not need the assistance, what's the best way to get back on track?**

Contact your service provider and ask to be removed from forbearance and repay all missed payments.

## **If you are in forbearance and can make partial payments, will you be removed from forbearance?**

Unfortunately, no. You are still considered to be in forbearance.

## **If you start a new loan, and your first payment due was scheduled at the start of shelter-in-place, how is that reported?**

The loan will be listed as current, but in forbearance.

## **Does forbearance include property taxes?**

Forbearance does not eliminate the need to pay property taxes and insurance. Please check with your county of residence to see what programs they have in place regarding waived late fees and/or delayed payments for property taxes.

## **When in forbearance, is there extra interest that occurs on months not paid?**

Once out of forbearance, the principal and interest is owed, but not additional interest.

## **Are there any COVID-19 related moratoriums of foreclosures? Will Sheriff Sales take place?**

As of our livestream on May 14th, this information has changed. The moratorium was due to expire on May 17th. It has now been extended through June 30th. If a property was pending, it is also a part of the moratorium. No Sheriff Sales will take place during this time. The following [article](#) will provide further information.

Fairway Mortgage lender Karlton Uhm has provided the additional updated information regarding [FHFA loans and the ability to obtain future loans in less time, Fannie Mae and Freddie Mac announce that loans in forbearance can defer all missed payments to the end of the loan](#), and shares a variety of forbearance repayment options, as listed below:

### **Repayment options for government-backed loans**

For borrowers with Fannie Mae- or Freddie Mac-owned loans; or insured by HUD, the VA, or the

USDA; there are several ways you can handle paying back what you owe.

If you take the full forbearance allowed, you can defer mortgage payments up to a year, which means you'll have to repay one year's worth of mortgage and interest. Here are the different types of repayment plans available:

### **Lump-sum payment**

A lump-sum payment means that you would pay back the entire amount you owe in one lump sum. This is an option, but certainly not mandatory. And it may be impossible for folks who have come off of a spell of unemployment to come up with the cash, which could be tens of thousands of dollars.

### **Short-term repayment plan**

A short-term repayment allows you to repay your forbearance amount over the course of six months. For example, if you postpone mortgage payments for five months and your monthly mortgage payment (including interest) is \$1,000, then you owe \$5,000. That amount would be divided by six, which is \$833.33. So, when you resume making monthly mortgage payments of \$1,000, you would also pay \$833.33 for six months until your mortgage is current again.

### **Extended loan modification**

This repayment plan extends your mortgage term by taking the amount you owe and tacking it on to the back of your loan. For instance, if before your forbearance you had 15 years left on your loan and you postponed payments for five months, your new term would be 15 years and five months. This option changes no part of your loan except for the term.

### **Flex modification**

A flex modification is designed for borrowers who can't afford the mortgage at their [current interest rate and/or term](#). If this is the case, your lender will work with you to modify your loan so that it's affordable for you. The possibilities for this are many, and so are the implications, so tread carefully here and consider seeking professional advice.

### **Cap and extend**

For borrowers who can't afford insurance or taxes (which are often paid through escrow accounts funded by borrowers), the lender will make these payments on your behalf during the forbearance. After the forbearance period is over, the amount the lender paid would be applied to your principal balance and the term would be extended. In this instance, if a lender paid \$5,000 in escrow payments and your balance is \$100,000 over 30 years, your new balance would be \$105,000 with a new term of 30 years and six months.

### **Repayment options for privately owned loans**

Borrowers with privately-owned mortgages are not covered under the CARES Act. However, government entities are encouraging lenders to work with their customers on manageable repayment plans.

And most lenders are motivated to offer consumers repayment options that they can afford. Some lenders, like Bank of America, are automatically tacking the amount owed to the back of the loan. This way borrowers can resume paying their mortgage without having to worry about extra charges or larger monthly payments. That said, borrowers still have the option to make a lump sum payment to bring the mortgage current.

Since each lender is different, borrowers should talk to their lender as soon as possible about the types of repayment programs available to them. Knowing what your options are can help you come up with a plan of action sooner.

### **PPP LOAN DOCUMENTATION**

We had questions requesting guidance on what documentation will be necessary to achieve 100% forgiveness of the PPP loan for those who obtained that financing. At this time, the federal program has not issued guidelines on exactly what will be needed. As soon as that information is available, Mainstreet will post those directives. In the meantime, please contact your accountant for advice.

**Disclaimer – This information is updating constantly. Please check the [Illinois REALTORS®](#) and [Mainstreet Coronavirus webpage](#) often for updates.**