



Paycheck Protection Flexibility Act June 5, 2020

On June 5, 2020, the President signed the Paycheck Protection Flexibility Act. This gives small business owners more time and spending flexibility to use the loan money as intended in the PPP loan program.

Below is a summary of the highlights of the new law:

- PPP coverage period has been extended from an 8-week period to 24 weeks, but the period can't extend beyond Dec. 31, 2020.
- The payroll expenditure requirement decreases to 60% from 75%. If a borrower uses less than 60% of the loan amount for payroll costs during the forgiveness covered period, the borrower will continue to be eligible for partial loan forgiveness.
- The date to restore the full time equivalent and full wages to pre-pandemic levels has been extended from June 30 to December 31, 2020.
- Two new exceptions have been added to achieve full PPP loan forgiveness even if a borrower can't fully restore its workforce. Previous guidance has already allowed a borrower to exclude from those calculations employees who turned down good faith offers to be rehired at the same hours and wages as before the pandemic. The new bill allows a borrower to adjust full time equivalent employee quota if it could not find qualified employees or if it was unable to restore business operations to the Feb. 15, 2020 levels due to COVID-19 related operating restrictions.
- For PPP loans that are approved by SBA (based on the date SBA assigns a loan numbers) on or after June 5, 2020, the repayment period for unforgiven portion of the PPP loan has been extended to five years from two years. Existing PPP loans can be extended up to 5 years if the lender and borrower agree. The interest rate remains at 1%.
- The deferment on payments of PPP principal and interest has been extended from six months to the date the lender receives forgiveness funds from the SBA. If a borrower does not apply for loan forgiveness, the deferment will be extended to 10 months after the end of the borrower's loan forgiveness covered period.
- The deadline to apply for PPP loan remains at June 30, 2020.

As more information becomes available, we will include that information on our website.