

PPP Flexibility Act

Please refer to the US Treasury website (<https://home.treasury.gov/>) and the Small Business Association (SBA) website (<https://www.sba.gov/>) for up-to-date information.

The PPP Flexibility Act was signed on 6/5/2020 and brings changes to the PPP (initially signed in late March) and aims to make the loan forgiveness process easier for borrowers.

Some of the changes are noted below, we recommend, as noted above, that you visit the US Treasury and SBA websites for the most up-to-date information.

- **Payroll and Non-Payroll Expense Requirements** – the requirement has changed from 75/25 to 60/40, stating that borrowers need to spend at least 60% of their loan money on payroll costs and may spend up to 40% on non-payroll items in order to obtain forgiveness.
- **Deferral Period** – the deferral period expanded from 6 months to now 10 months. The Act states that if you submit a loan forgiveness application to your lender within 10 months after the end of your loan covered period, you will not have to make any payments of principal or interest on your loan before the date on which SBA remits the loan forgiveness amount on your loan to you lender.
- **Covered Period** – is the period in which funds must be spend, was extended from 8 weeks to 24 weeks or December 31, 2020 whichever comes first.
- **Loan Maturity** – loans made before June 5, 2020 have a maturity date of two years, however borrowers and lenders may mutually agree to extend the maturity to five years. Loans made on or after June 5, 2020 have a maturity date of five years.
- **New Application** – On October 8th. SBA and Treasury released a simpler loan forgiveness applications for loans of \$50,000 or less to streamline the forgiveness process allowing lenders to process forgiveness applications more swiftly. On June 17th, SBA and US Treasury announced two new loan forgiveness applications: a revised, 'borrower-friendly' application as well as an EZ application for self-employed borrower, those with no employees or those who meet certain requirements made by the SBA and Treasury.
 - PPP Loan Forgiveness of \$50,000 or less SBA News Release:
<https://www.sba.gov/article/2020/oct/08/sba-treasury-announce-simpler-ppp-forgiveness-loans-50000-or-less>
 - PPP Loan Forgiveness of \$50,000 or less instructions:
<https://www.sba.gov/sites/default/files/2020-10/PPP%20Loan%20Forgiveness%20Application%20Form%203508S%20Instructions.pdf>
 - to qualify for the PPP Forgiveness EZ application, a borrower must meet one of the following:
 - are self-employed and have no employees; OR

- did not reduce salaries and wages of their employees by more than 25% and did not reduce the number of hours of their employees, OR
 - experienced reductions in business activity as a result of health directives related to COVID-19, and did not reduce the salaries or wages of the employees by more than 25%
- EZ Application SBA News Release <https://www.sba.gov/about-sba/sba-newsroom/press-releases-media-advisories/sba-and-treasury-announce-new-ez-and-revised-full-forgiveness-applications-paycheck-protection>