



PAYCHECK PROTECTION PROGRAM (PPP) FLEXIBILITY ACT

COVID-19 QUICK TAKES

- Changes the covered loan period for businesses from 8 weeks to the earlier of:
 - 24 weeks or Dec. 31, 2020.
 - *Borrowers who already have loans can choose to retain their 8-week covered loan period.*
- Changes the 75% payroll requirement to 60%.
 - In order to maximize forgiveness, a business must spend at least 60% of loan on payroll costs.
 - *SBA has stated borrowers who spend less than 60% on payroll costs will be eligible for partial loan forgiveness.*
 - ***Eligible and forgivable expenses are not changed by the Act.***
- Loans disbursed after June 5, 2020 will have a 5-10 year maturity date.
 - Act allows lender and borrower to extend the loan's 2-year terms for loans disbursed before this date.
- Employee retention and salary reduction safe harbor provisions extended from June 30, 2020 to Dec. 31, 2020.
 - Provides new safe harbor for businesses who are unable to return to their Feb. 15, 2020 level of business activity due to compliance with federal guidance on worker/customer safety related to COVID-19.
- Loan forgiveness application deadline: 10 months after Dec. 31, 2020.
 - Payments on loan deferred until decision on loan forgiveness is made.
- ***SBA has stated that deadline for loan applications will remain June 30, 2020.***



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