

## Changes to the PPP Loan Program Add Flexibility for Borrowers

The recently approved Paycheck Protection Program (PPP) Flexibility Act of 2020 eases some of the loan terms for borrowers. The legislation:

- Extends the period in which borrowers must use funds from 8 weeks to 24 weeks (but not beyond December 31, 2020). However, the loan application deadline remains June 30, 2020.
- Reduces the mandated required payroll expenditure from 75% down to 60%, leaving 40% to be spent on mortgage interest, rent or utility payments.
- Extends the PPP loan repayment period from 2 years to 5 years, while maintaining the original interest rate of 1%.
- Extends deferment of payments (principal, interest and fees) from six months after the end of the covered period to the date the SBA send the borrower's loan forgiveness amount to the lender. Borrowers who do not apply for loan forgiveness have a 10-month deferment.
- Allows businesses who took a PPP loan may also delay paying their payroll taxes.

For more information about the PPP loan program, visit <https://bit.ly/2Kzwpen>.