

**BLOGS**

COVID-19 Pandemic

## Paycheck Protection Program Continues to Evolve

On June 5, 2020, the President signed the Paycheck Protection Program Flexibility Act of 2020 (Flexibility Act) (Pub. L. 116–142), which changes key provisions of the Paycheck Protection Program (PPP), including provisions relating to the maturity of PPP loans, the deferral of PPP loan payments, and the forgiveness of PPP loans. Section 3(d) of the Flexibility Act provides that the amendments relating to PPP loan forgiveness and extension of the deferral period for PPP loans shall be effective as if included in the CARES Act, which means that they are retroactive to March 27, 2020.

In announcing its “Third Interim Final Rule,” interpreting the Flexibility Act, the Department of Treasury stated that the Small Business Administration (SBA) was decreasing from 75% to 60% the portion of loan proceeds that must be used for payroll costs for loans to be 100% forgiven. The Rule also clarifies that the maturity date for PPP loans may be extended by agreement of the borrower and lender beyond the 5-year period specified in the CARES Act. The full Forgiveness Application may be found [here](#).

On June 17, the Department of Treasury and SBA published “EZ and Revised Full Forgiveness Applications for the Paycheck Protection Program (PPP)” for loans issued pursuant to the CARES Act. Section 1106 of the Act provides for forgiveness of up to the full principal amount of qualifying loans guaranteed under the Paycheck Protection Program.

On July 6, SBA published a [report](#) summarizing lending under the PPP program, stating that 4,885,388 loans, worth \$521,483,817,756 had been made by 5461 lenders as of June 30. As of that date, \$131,914,229,876 of PPP funding remained available.

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