

The top of the page features a background image of several skyscrapers in a city. On the left side, there is a dark grey rectangular box containing the firm's logo. The logo consists of the word "HALL" in a large, white, serif font, with a horizontal line underneath it. Below the line is the word "ESTILL" in a larger, white, serif font, and below that, in a smaller, white, sans-serif font, are the words "ATTORNEYS AT LAW".

HALL

ESTILL
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Flexibility Act of 2020 Updates Paycheck Protection Program

Paycheck Protection Program Flexibility Act of 2020 makes significant changes to the Paycheck Protection Program

June 4, 2020

The Flexibility Act was signed by the the President on June 5, 2020

On June 3, 2020, the Senate passed the Paycheck Protection Program Flexibility Act of 2020 (the “Flexibility Act”), making significant changes to the Paycheck Protection Program (“PPP”) launched in early April to aid small businesses during the COVID-19 pandemic. Among other things, the Flexibility Act extended the loan forgiveness period from eight weeks to 24 weeks or December 31, 2020, whichever is earlier. Current PPP borrowers can choose to extend their forgiveness period or remain with the original eight-week period, while new borrowers will automatically have a 24-week covered period. The Flexibility Act also reduced the current requirement that 75% of PPP proceeds be spent on payroll costs to 60%.

In addition, the Flexibility Act made significant changes to the wage and workforce requirements. Employers now have until December 31, 2020 to restore their workforce levels to pre-COVID 19 levels, extending this deadline from the June 30, 2020 deadline set forth in the CARES Act. There are also three new exceptions allowing employers to achieve full forgiveness of their PPP loan even if their workforce levels are not fully restored by December 31. Under the Flexibility Act, forgiveness of the PPP loan will not be reduced if the borrower can show that: (1) they were unable to rehire individuals who were employees of the borrower prior to the pandemic; (2) they were unable to hire qualified employees to fill unfilled positions; or (3) they were unable to fully return to normal business activities due to COVID-19 related operating restrictions. The Flexibility Act also extended the loan period for new PPP borrowers from two years to five years. Existing borrowers may be able to extend their loan period for up to five years, subject to approval by their lender.