

MAJOR CHANGES TO THE **PAYCHECK PROTECTION PROGRAM**

On June 4th, major changes were made to the Paycheck Protection Program (PPP) that make the loan more flexible and easier for borrowers to receive full loan forgiveness. These changes apply to existing and new borrowers.

1. The **amount of the loan** that must be **spent on payroll** costs to be eligible for full loan forgiveness was lowered from **75% → 60%**. The remainder must still be spent on utilities, rent, or mortgage interest to remain eligible for full forgiveness.
2. The **amount of time** borrowers have **to use the loan** and remain eligible for full loan forgiveness has been extended from **8 weeks → 24 weeks**.
3. The **deadline to rehire** laid off or furloughed **workers** and still remain eligible for full loan forgiveness was extended from **June 30 → December 31, 2020**.

In addition, for borrowers who do not receive full loan forgiveness, the time they have to pay off the loan was extended from **2 years to 5 years**.

Timeline for Receiving Loan Forgiveness

In May, the SBA clarified the timeline for the loan forgiveness application:

- Lenders have 60 days from the date the Loan Forgiveness Application is submitted to issue decision to SBA;
- The SBA then has 90 days to remit the appropriate forgiveness amount to the lender.

Another key rule for loan forgiveness for the PPP was clarified by the SBA in May. To the question of whether a borrower's PPP loan forgiveness amount will be reduced if the borrower laid off an employee, offered to rehire the same employee, but the employee declined the offer, the SBA has clearly answered "no." Check the guidance for important details.

Key PPP Resources

Paycheck Protection Program Application

- [English](#)
- [Spanish](#)

[List of participating lenders](#)

[SBA: FAQ for borrowers and lenders](#)

[Additional guidance effective May 29](#)

Loan forgiveness application

- [English](#)
- [Spanish](#)