

Corporate Law Alert: Changes to Loan Forgiveness Under the PPP Provide Greater Flexibility

President Trump has signed a bill that provides greater flexibility to obtain loan forgiveness under the Paycheck Protection Program (“PPP”). The Bill had bipartisan support, as it passed in the House of Representatives by a vote of 417-1 and passed in the Senate by unanimous vote.

The primary changes to the loan forgiveness provisions of the PPP are as follows:

- The Bill extends the period during which proceeds must be spent in order for loans to be forgiven from eight weeks to 24 weeks or the end of the year, whichever comes first.
- Businesses will have as long as five years instead of two in which to repay any money owed on a loan that was not forgiven.
- The Bill lowers the amount required to be spent on payroll from 75% to 60%, which allows for a larger portion to be spent on overhead and other qualifying expenses.

PPP Funds Remaining

The Small Business Administration has reported that 4.5 million businesses have received approvals for loans totaling \$510.6 billion. The initial round of \$349 billion was disbursed in just 13 days. Approximately \$130 billion remains from the second round of \$320 billion that was approved by Congress for PPP loans.

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