



## SBA Paycheck Protection Program: Updated Rules and Forgiveness Forms

The Payroll Protection Program Flexibility Act of 2020 (PPPFA) became law on June 5, 2020 and provides more definitive, clarification to the Small Business Administration's (SBA) Paycheck Protection Program (PPP). On June 17, 2020 the SBA issued the [Business Loan Program Temporary Changes; Paycheck Protection Program – Revisions to the Third and Sixth Interim Final Rules](#) to clarify these recent modifications and provide a more streamlined the forgiveness process, which may open up the possibility of full forgiveness for a substantial amount of PPP borrowers.

The rule changes published in the Federal Register accomplish the following highlights:

- Replaces the eight-week covered period with a 24-week covered period to use the PPP loan. In addition, borrowers can choose to use the loan over 8 weeks if the borrower received the loan prior to June 5, 2020;
- Extends the maturity for forgiveness of any portion of a remaining balance on a PPP loan disbursed on or after the date of enactment of the PPP Flexibility Act from a two-year maturity date to at least a minimum of five years. For existing PPP loans, borrowers and lenders can mutually agree to a loan maturity date that is longer than the two years stated in the SBA regulations;
- Revises the amount a PPP borrower must spend on payroll costs to be eligible for loan forgiveness to 60%, down from 75%, thereby allowing 40%, up from 25%, of the PPP loan proceeds to be spent on non-payroll costs including covered mortgage interest, rent, or utilities.
- Revises the maximum amounts of payroll allowed per employee for forgiveness, including sole proprietors and independent contractors.

For more specifics, a complete outline of the PPP revisions can be reviewed [here](#).

Additionally, the SBA released recently released [a three-page "EZ" Paycheck Protection Program loan forgiveness application](#) to streamline the forgives application for small business owners. Form 3508EZ applies to borrowers who meet any one of these three criteria:

- Applied for the PPP loan as self-employed, an independent contractor or a sole proprietor with no employees.
- Did not reduce salary or wages for any employee by more than 25% and did not reduce the number or hours of their employees (excepting laid-off employees who refused an offer to return).
- Did not reduce salary or wages for any employee by more than 25% during the covered period and experienced reductions in business activity as a result of health directives related to COVID-19.

The streamlined forgiveness form is expected to ease the forgiveness application process for a many PPP borrowers. SBA also updated the regular forgiveness application (Form 3508) to reflect recent changes



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made by Congress in the PPPFA. You can find the new and updated PPP forgiveness forms and their instructions here:

[\*\*Click here to download the Paycheck Protection Program Loan Forgiveness Application \(06-16-2020\)\*\*](#)

[Click here to download instructions for the Paycheck Protection Program Loan Forgiveness Application \(06-16-2020\)](#)

[\*\*Click here to download the Paycheck Protection Program EZ Loan Forgiveness Application \(06-16-2020\)\*\*](#)

[Click here to download instructions for the Paycheck Protection Program EZ Loan Forgiveness Application](#)