The recently enacted Paycheck Protection Flexibility Act expands the opportunities for PPP loan forgiveness under the CARES Act

- PPP borrowers can choose to extend the eight-week period to 24 weeks, or they can keep the original eight-week period. This flexibility is designed to make it easier for more borrowers to reach full, or almost full, forgiveness.
- Payroll expenditure requirement drops from 75% to 60%, but is now subject to a cliff, meaning that borrowers must spend at least 60% of loan proceeds on payroll or none of the loan will be forgiven. Currently, a borrower is required to reduce the amount eligible for forgiveness if less than 75% of eligible loan funds are used for payroll costs, but forgiveness is not entirely eliminated if the 75% threshold is not met.
- Borrowers can use the 24-week period to restore their workforce levels and wages to the pre-pandemic levels required for full forgiveness. This must be done by December 31, 2020, a change from the previous deadline of June 30, 2020.
- The legislation includes two new exceptions allowing borrowers to achieve full PPP loan forgiveness even if they don't fully restore their workforce. Previous guidance already allowed borrowers to exclude from those calculations employees who turned down good faith offers to be rehired at the same hours and wages as before the pandemic. The new legislation allows borrowers to adjust because they could not find qualified employees or were unable to restore business operations to Feb. 15, 2020, levels due to COVID-19 related operating restrictions.
- NEW borrowers (after June 5th) have five years to repay the loan instead of two. The interest rate remains at 1%.

Thank you in advance for your assistance,
Todd Rubiano
CFO Episcopal Diocese of Rochester