

FYI[®] Alert

For Your Information[®]

Paycheck Protection Program loan application deadline extended

The CARES Act created the Paycheck Protection Program to provide short-term loans for small businesses to maintain payroll, with loan applications to be submitted to an approved lender by June 30, 2020. On July 4, President Trump signed into law a bill extending the PPP loan application period through August 8, 2020.

Background

The Paycheck Protection Program (PPP), created by the CARES Act, provides short-term loans to help small businesses avoid layoffs during the COVID-19 crisis. Loans secured under the \$660 billion program may be forgiven if used for payroll and other specified business expenses and other statutory requirements are met.

On June 5, 2020, President Trump signed the Paycheck Protection Program Flexibility Act of 2020 ([H.R. 7010](#)) into law, which amended the PPP to make it easier for loan recipients to qualify for forgiveness. Among other things, the Act extended the period within which to spend PPP loan proceeds, lowered the threshold on the amount that must be spent on payroll, and raised the amount of a forgivable loan that may be spent on non-payroll expenses such as mortgage obligations, rent, and utility payments. (See our [June 8, 2020 FYI Alert](#).)

Loan application deadline extended

Under the CARES Act, businesses seeking PPP loans were required to submit their application to an approved lender by June 30, 2020, when the program expired. The Small Business Administration (SBA) [reported](#) PPP loan approvals totalling \$521.4 billion through June 30, with nearly \$132 billion in program funding remaining.

On June 30, the Senate unanimously passed [S. 4116](#) to renew the SBA's authority to make PPP loans and to extend the original June 30 application deadline through August 8, 2020. The House

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passed the bill by unanimous consent on July 1, and the president signed the five-week extension into law on July 4.

In closing

The extended application period for PPP loans keeps the program open and provides small businesses that wish to take advantage of it — but have not yet done so — additional time to seek available funding.

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