

June 10, 2020

Dear Client,

This letter provides updates on provisions related to the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Small Business Administration (SBA) Payment Protection Program (PPP).

On June 5, 2020, the President signed the Paycheck Protection Program Flexibility Act (PPPFA) which provides more flexibility for participants in the PPP program. The update also allows those participants to defer the payment of certain payroll taxes that the CARES Act prevented them from deferring.

Many provisions regarding the usage of the PPP funds have been modified. The updates include, but are not limited to the following:

- In the original CARES Act, PPP loans were forgiven if a business spent 75% of the loan money on payroll. PPPFA lowers that percentage to 60%.
- PPPFA allows businesses 24 weeks, instead of the eight weeks contained in the original CARES Act, to use the loan money. PPPFA also does not require businesses to wait for 24 weeks to apply for forgiveness; however, they can still do so after eight weeks if they prefer.
- PPPFA extends the June 30, 2020, deadline to rehire workers to December 31, 2020.
- The CARES Act required a business to rehire the same number of full-time employees or full-time equivalents by June 30, 2020. It provided one exception to that requirement. PPPFA provides additional exceptions if an employer is unable to rehire the required number of employees. For example, there is an exception if the employer can demonstrate an inability to hire similarly qualified employees on or before December 31, 2020.
- For any portion of a PPP loan that is not forgiven, a business will have five years to repay the loan.

These changes will require the modification of the loan forgiveness application as well as the interim final rules on forgiveness. Expect those items to be released in the coming weeks. We will continue communicating with you as updates occur.

Please contact us if you have any questions.

The Team at Hunter, Hunter & Hunt

Additional Helpful Resources:

[Paycheck Protection Program Flexibility Act of 2020 \(H.R. 7010\)](#)
[US Treasury PPPFA Press Release \(6/8/2020\)](#)