



E-ALERT: Paycheck Protection Program Flexibility Act

On June 5, 2020, President Trump signed the Paycheck Protection Program Flexibility Act (the “Act”), previously passed by both the U.S. Senate and House of Representatives. The Act amends certain provisions of the CARES Act relating to the Paycheck Protection Program (“PPP”).

The Act provides PPP borrowers increased flexibility in the use of loan proceeds, now allowing that only 60% of loan proceeds must be used for qualifying payroll costs in order to be eligible for forgiveness. Previously, 75% of the loan proceeds had to be utilized for qualifying payroll costs in order for the loan to be eligible for forgiveness.

The Act expands the original eight-week “covered period” to twenty-four weeks. This longer period also impacts the reduction in force penalty, allowing employers the full twenty-four weeks or December 31, 2020, whichever occurs first, to rehire and restore employee levels. The bill also extends the maturity date on loans from two years to five years and includes payroll tax deferral provisions for borrowers.

We will continue to provide updates on these issues as they evolve. In the meantime, if you have any questions related to the coronavirus stimulus legislation or the impact of COVID-19, please [CLICK HERE](#) to access our several relevant practice areas and contact information on individual lawyers.

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