

Paycheck Protection Program – Extension of PPP funds

On June 4, 2020, the Paycheck Protection Program Flexibility Act (PPFSA) was signed into law. It modifies several aspects of the PPP, which will hopefully make it easier to qualify for forgiveness of loans.

1. Covered Period: Currently 8 weeks from the loan origination date (the date when you received the funds in your bank account). Increased to 24 weeks after origination of the loan (or December 31, 2020, whichever is earlier).
2. Reduction in the amount that needs to go to payroll costs in order to qualify for forgiveness. Currently it is 75%; this has been lowered to 60%. This means that non-payroll expenses may be as high as 40% of spending. Qualifying non-payroll expenses have not changed: utilities, mortgage interest (not principal), or rent or lease payments. **Missions:** At this time the diocesan loan is open for reimbursements for payroll expenses only.
3. Repayment period for any portion of the loan that is not forgiven or returned has been extended from two years to five years at the 1% interest rate.
4. Easing rehire requirements. The PPP was intended to keep the same number of employees on the payroll – full time employees or full-time equivalents. The original date to rehire if you had to furlough or lay off an employee during the pandemic was June 30. The new date is December 31, 2020. There are additional exceptions for a reduced head count if a borrower can demonstrate an inability to return to the same level of staffing due to decreased activity.

Link to article: <https://www.forbes.com/sites/allbusiness/2020/06/05/trump-signs-new-law-relaxing-ppp-rules-what-you-need-to-know/#53d3675b31e3>