

SBA: New PPP rules changes give small businesses more options

Says bipartisan PPP Flexibility Act helps small businesses recover from COVID-19

From the Small Business Administration:

The recently enacted Paycheck Protection Program (PPP) Flexibility Act provides additional clarity and flexibility for small business owners to meet the requirements of the PPP loan program created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. When the president signed the bipartisan legislation into law, it gave more time and discretion for when and how

the loans can be spent to keep employees on payroll and keep up with accounts payable to further assist the nation's economy in its recovery from COVID-19 closures.

To date, the SBA's Paycheck Protection Program has provided more than 4.5 million small businesses well over \$510 billion in potentially forgivable loans, directly ensuring 50 million American workers stay connected to their

jobs. The average loan size is \$113,228 and 5,458 lenders are participating in the program, a 200% increase in the amount of agency lenders.

"Small businesses and their advocates at all levels of government have spoken consistently about the PPP; it works and it's a success," said U.S. Small Business Administration Regional Administrator Steve Bulger, who oversees the agency's operations in the Atlantic and Mid-Atlantic regions. "As we continue to combat coronavirus, our small businesses needed more give when it comes to when, where and how to apply. The Flexibility Act puts the decision-making power in the hands of the business owners who know best how to keep their businesses afloat while serving their employees and their customers."

SBA Buffalo District Director Franklin J. Sciortino said, "The Paycheck Protection Program continues to help American small businesses get the relief they need to retain employees and re-

open their businesses. KOLT Access & List Inc. in Williamsville, New York, is just one of several small businesses who received a PPP loan from St. Joseph's Parish Federal Credit Union."

"We are so grateful to the SBA and especially Mike Bondanza for approving us for our PPP loan," said President and Owner Cynthia Kolt. "PPP has enabled us to survive and maintain livelihood of nine families during the global crisis. PPP has also enabled us to maintain service to the hundreds of disabled and elderly who rely on us for their day-to-day mobility."

The SBA will issue rules and guidance, a modified application form, and a modified loan forgiveness application implementing the following amendments:

- √ Extend the loan forgiveness period for from eight to 24 weeks after loan disbursement. Borrowers who have already received PPP loans retain the option to use the eight-week covered period.
- √ Lower the requirements for borrowers to use 75% of loan

proceeds and loan forgiveness amount be used for payroll costs to 60%. If a borrower uses less than 60% for payroll, the borrower remains eligible for partial loan forgiveness.

- √ Provide loan forgiveness safe harbor based on reductions in full-time equivalent (FTE) employees for borrowers who are unable to return to the same level of business at which they were operating before Feb. 15, 2020, due to compliance with COVID-19 requirements or guidance issued between March 1 and Dec. 31, 2020 by the secretary of Health and Human Services, the director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration.

- √ Provide loan forgiveness safe harbor based on reductions in FTE for borrowers unable to re-hire employees or hire similarly qualified employees for unfilled positions by Dec. 31, 2020.

- √ Increase to five years the maturity of PPP loans approved by SBA (based on the date SBA assigns a loan number) on or after June 5, 2020.

- √ Extend the deferral period for payments of principal, interest and fees on PPP loans to the date that SBA remits the borrower's loan forgiveness amount to the lender, or if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period).

Additionally, the new rules confirm that June 30, 2020, remains the last date upon which a PPP loan application can be approved.

More than \$130 billion remains in PPP funding as of June 4.

HUD Funding

Earlier this week, U.S. Department of Housing and Urban Development Secretary Ben Carson announced the allocation of \$2.96 billion in Emergency Solutions Grants (ESG) funding to support homeless Americans and individuals at risk of becoming homeless because of hardships such as job loss, wage reduction, or illness due to COVID-19. This funding is in addition to \$1 billion of ESG grants announced within a week of President Donald Trump signing the CARES Act.

"Homelessness was a major issue in some cities across our nation long before this pandemic occurred, and unfortunately the dire living conditions of our most vulnerable Americans left many without a home to isolate in or proper medical and health care resources to defend themselves against this invisible enemy," Carson said. "As we continued to monitor the effects of COVID-19 in at-risk communities, the department and our partners worked quickly to respond to outbreaks and minimize the spread from hotspots to other locations. This increased funding to help provide for our homeless will make a difference now as we combat the coronavirus and inform long-term, innovative solutions for addressing homelessness in the future."

Funding includes:

- √ Buffalo, \$2,942,601
- √ Niagara Falls, \$424,384
- √ Town of Tonawanda, \$360,334
- √ Erie County, \$680,472

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