

Employer Friendly Changes to PPP Loan Forgiveness Requirements

June 10, 2020

On June 5, 2020, the President signed the Paycheck Protection Program Flexibility Act (the “**Act**”), which made certain changes to the requirements of forgivable loans made under the Paycheck Protection Program (“**PPP**”). For a PPP loan to be forgiven, the loan proceeds must be used to cover payroll and other approved operating costs incurred by the employer during a designated time period following the date on which the loan was made (the “**Coverage Period**”). The Act extended the coverage period from eight to 24 weeks and reduced the percentage of loan proceeds that must be used to cover payroll costs during the Coverage Period to 60% (down from 75%). Accordingly, up to 40% of the loan proceeds could be used by an employer to cover other non-payroll operating costs, such as rent, utilities, and interest on its other debt obligations that are due during the Coverage Period. The Act is available [here](#). For additional information on PPP loans, see our prior blog posts [here](#), [here](#), [here](#), [here](#), and [here](#).