

Original PPP	PPP Flex Act (and extension of program 7/4/2020)
75% of amount requested for forgiveness must be for payroll-related expenses	60% of loan must be used for payroll-related expenses
Advances must be made within 8 weeks of funding to achieve safe harbor exemption	The covered period has been extended to the earlier of 24 weeks after funding or 12/31/2020 . However, borrowers that received funding prior to 6/5/2020 can apply for forgiveness if they fully fund the loan sooner
Any portion converted to a loan must be repaid over 2 years at 1%	For loans approved on or after 6/5/2020, the repayment term for converted funds will be 5 years at 1% . Loans approved before this date can be extended to 5 years if lender and borrower agree
Employee compensation capped at \$15,385 (\$100,000 divided by 8 weeks)	Increased to \$46,154 (\$100,000 divided by 24 weeks)
Forgiveness could be limited if FTE's not restored by 6/30/2020	FTE restoration changed to 12/31/2020
Forgiveness could be limited if wages not restored by 6/30/2020	Forgiveness for wage restoration has been extended to 12/31/2020
FTE safe harbor achieved if employees refused to return to work or were terminated for cause	Additional reasons have been achieved: an inability to rehire former employees, the employer cannot hire qualified replacements, or if the business could not return to pre-2/15/2020 levels due to maintenance of sanitation, social distancing, or other worker or customer safety requirements related to COVID-19
Employer could only defer their share of 2020 FICA until the end of 2021 until their loan was forgiven	Employers can defer all 2020 FICA payments to 2021 and 2022 even if the PPP loan is forgiven prior to 12/31/2020
Eligible expenses included payroll-related costs, along with utilities, mortgage interest, rent, etc.	This is currently unchanged but could be modified by SBA guidance
Lenders were required to defer payments of principal and interest for a period of not less than 6 months and not more than one year	Deferral of principal and interest until the date the lender receives the forgiveness amount from the SBA, which in practice take considerably longer. A new provision: if a borrower does not apply for forgiveness within 10 months after the end of the borrower's covered period, payments will begin at the end of the 10-month period. Also, pre 6/5/2020 borrowers that use the 8-week covered period, payments will commence 10 months after the end of the 8-week period if they do not seek forgiveness

The PPP loan program ends 6/30/2020	<i>Program extended until 8/8/2020</i>
SBA reserves the right to audit/review any PPP loans approved and funded	Unchanged
Borrowers can obtain only one PPP loan	Unchanged
Loans can be increased but only if lender approves the increase prior to filing their first 1502 report with SBA	Unchanged
IRS rule prevents deducting operating expenses forgiven as part of PPP	Unchanged

Note: these are the anticipated changes based on the measure signed into law on 6/5/2020 and the extension of the program, which became law on 7/4/2020 subject to change based on clarifications by the SBA.