

Congress Passes PPP Loan Forgiveness Changes

Last Night, the U.S. Senate passed the House version of changes to the PPP Loan Program. The Legislation, entitled the “Paycheck Protection Flexibility Act”, is being sent to President Trump who is expected to sign it.

The key provisions are as follows:

- PPP Borrowers have the option to extend the current eight (8) week period to twenty-four (24) weeks or they can continue to operate under the original 8-week timeframe.
- The current requirement to expend seventy-five percent (75%) of the PPP Loan on payroll has now been dropped to sixty percent (60%). There is, however, apparently some confusion between what the House intended and what the Senate passed which is that if you spent less than the current 75% required for payroll, you could still attain forgiveness up to the amount actually spent. However, the Paycheck Protection Flexibility Act appears to mandate that, if the new 60% figure for required expenditures on payroll is not met, then no forgiveness at all is allowed.
- With the new 24-week period, Borrowers now have until December 31 to restore their work force level and wages to pre-pandemic levels rather than having to meet the previous deadline of June 30.
- The new Legislation provides two (2) exceptions which would allow a Borrower to still achieve full PPP Loan forgiveness even without full workforce restoration:
 - i. If the Borrower could not find qualified employees;
 - or
 - ii. The Borrower was unable to restore business operations to February 15, 2020 levels due to COVID-19 related operating restrictions.
- PPP Borrowers now have five (5) years to repay the Loan instead of two (2). The interest rate remains unchanged at one percent (1%).
- The new Legislation allows PPP Borrowers to also delay payment of their payroll taxes, which was prohibited under the original CARES Act.

Hand Arendall Harrison Sale has considerable knowledge of the PPP loan program, the attendant regulations and forms required. We will be glad to work with you to make the necessary application, assist you with the loan closing process and give you specific guidance for your enterprise.

CARES Act Alert

This alert was prepared by Hand Arendall Harrison Sale's CARES Act Team. For further information or assistance, please contact the attorney with whom you normally work or any of the team members listed below.

R. Preston Bolt, Jr.
rbolt@handfirm.com
Mobile, AL

J. Cole Davis
cdavis@handfirm.com
Panama City, FL

Christopher M. Gill
cgill@handfirm.com
Mobile, AL

Benjamin S. Goldman
bgoldman@handfirm.com
Birmingham, AL

T. Bruce McGowin
bmcgowin@handfirm.com
Mobile, AL

Sarah Outlaw McLaughlin
smclaughlin@handfirm.com
Mobile, AL

Brooks P. Milling
bmilling@handfirm.com
Mobile, AL

Dion J. Moniz
dmoniz@handfirm.com
Destin, FL

Kevin D. Obos
kobos@handfirm.com
Panama City, FL

Yanya O'Hara
yohara@handfirm.com
Fairhope, AL

Alabama: MOBILE • BIRMINGHAM • ATHENS • FAIRHOPE
Florida: DESTIN • PANAMA CITY • SANTA ROSA BEACH

Copyright © 2020 Hand Arendall Harrison Sale LLC. All rights reserved.

This alert is for general information only and is not intended as and does not constitute legal advice or solicitation of a prospective client. It should not be relied on for legal advice in any particular factual circumstance. An attorney-client relationship with the Firm cannot be formed by reading or relying on this information; such a relationship may be formed only by a specific and explicit agreement with Hand Arendall Harrison Sale LLC.

NOTE: The following language is required by Rule 7.2 of the Alabama State Bar Rules of Professional Conduct: "No representation is made that the quality of the legal services to be performed is greater than the quality of legal services performed by other lawyers."