

From: Penn-Del-Jersey Chapter, NECA akelley@neca-pdj.org
Subject: PAYCHECK PROTECTION PROGRAM (PPP) REFORM PASSED
Date: June 5, 2020 at 4:07 PM
To: akelley@neca-pdj.org



June 5, 2020

TO: ALL MEMBERS OF THE
PENN-DEL-JERSEY CHAPTER, NECA

FROM: AARON R. KELLEY,
GOVERNMENT AFFAIRS COORDINATOR

RE: **PAYCHECK PROTECTION PROGRAM (PPP) REFORM PASSED**

Please be advised that President Trump has signed into law [H.R. 7010: the Paycheck Protection Program Flexibility Act](#). This law modifies the Paycheck Protection Program in several ways.

Below is a summary of these changes:

- The minimum PPP loan maturity is extended to five (5) years. This takes effect on the date of bill enactment and applies to PPP loans made on or after this date. Lenders and borrowers may mutually agree to modify the maturity terms of prior-disbursed PPP loans.
- The covered period for using PPP loan proceeds and the re-hiring exception deadline to avoid forgiveness reduction are extended to December 31, 2020 from June 30, 2020.
- The PPP loan forgiveness period is extended from eight weeks to the earlier of 24 weeks from origination date or December 31, 2020. Borrowers who received PPP loans prior to the bill's enactment may elect to continue using the 8-week forgiveness period.
- PPP loan forgiveness will not be reduced by a reduction in the number of full-time equivalent employees if, with respect to the period February 15, 2020, to December 31, 2020, the borrower is able to document in good faith:
 - (A) an inability to rehire employees who had been employed on February 15, 2020, and an inability to hire similarly qualified employees for unfilled positions by December 31, 2020, OR
 - (B) an inability to return to the same level of business activity at which the borrower

was operating before February 15, 2020 due to compliance with federal governmental requirements or guidance set forth between March 1, 2020 and December 31, 2020, relating to standards of sanitation, social distancing, or other worker or customer safety requirements due to COVID-19.

- The requirement that 75% of loan proceeds be used for payroll costs is reduced to 60%.
- The six-month deferral of loan payments due is eliminated. Deferral will remain until the amount of forgiveness determined under the CARES Act is remitted to the lender. If a borrower fails to apply for forgiveness within 10 months after the last day of the loan forgiveness covered period, the borrower must begin making payments.
- All employers may take advantage of the CARES Act deferral of the 6.2% employer portion of social security payroll taxes, regardless of PPP loan forgiveness status.

If you have any questions, please contact me at akelley@neca-pdj.org. Thank you.

Very Respectfully,

ARK

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