



# Community Bankers Association of Illinois

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## Paycheck Protection Program Update

The Treasury department issued several new documents to support the Paycheck Protection Program. These documents implement changes to the PPP following the passage of the Paycheck Protection Program Flexibility Act signed by the President on June 5, 2020.

- [Borrower Application Form](#) (updated June 11)
- [Lender Application Form](#) (updated June 11)
- [Interim Final Rule on Revisions to the First Interim Final Rule](#)

Changes made by the Interim Final Rule on Revisions to the Interim Final Rule are consistent with the Paycheck Protection Flexibility Act but also clarify a few outstanding items. They are:

- Extension of the loan maturity from two to five years for loans made on or after June 5, 2020.
- Extension of the deferral period for principal and interest payments until the date on which SBA remits the loan forgiveness amount on a loan to the lender (or notifies the lender that no loan forgiveness is allowed), if the borrower applies for forgiveness within ten months after the end of the loan forgiveness covered period.
- Implementation of the reduction of expenses required to be spent on payroll from 75% to 60% and interpretation that borrowers who fail to hit the 60% threshold remain eligible for partial forgiveness.
- Adds "refinancing an SBA EIDL loan made between January 31 and April 3" to the list of allowable expenses for PPP loan proceeds and clarifies that, "If your EIDL loan was not used for payroll costs, it does not affect your eligibility for a PPP loan. If your EIDL loan was used for payroll costs, your PPP loan must be used to refinance your EIDL loan. Proceeds from any advance up to \$10,000 on the EIDL loan will be deducted from the loan forgiveness amount on the PPP loan."
- Provides borrowers receiving loans before June 5, 2020 the flexibility to elect whether to use the 8-week or 24-week covered period for loan forgiveness.

The last day on which lenders can receive a SBA loan number for a PPP loan is June 30, 2020.

As always, CBAI is standing by to assist you with additional questions you might have regarding the Paycheck Protection Program.



