



## Paycheck Protection Program Reform Legislation Signed into Law

Paycheck Protection Program (PPP) reforms were passed through Congress with strong bipartisan support and signed into law by President Trump on Friday, May 29, 2020. While further guidance and clarification from the SBA and Treasury is likely, the Paycheck Protection Program Flexibility Act of 2020 includes the following:

- Extends from eight to 24 weeks the amount of time borrowers have to spend PPP funds while remaining eligible for forgiveness.
- Lowers the amount that must be spent on payroll costs from 75% to 60%. (The Treasury and SBA recently clarified that partial forgiveness will be available subject to at least 60% of the loan forgiveness amount having been used for payroll costs.)\*
- Extends to December 31, 2020, a period in which employers may rehire or eliminate a reduction in employment, salary, or wages that would otherwise reduce the forgivable loan amount.
- Replaces the six-month deferral of payments due under PPP loans with deferral until the date of which the amount of loan forgiveness is remitted to the lender.
- Establishes a minimum maturity of five years for **new** PPP loans instead of the current two-year maturity date.
- Eliminates a provision that makes PPP loan recipients who have such indebtedness forgiven ineligible to defer payroll tax payments.

CBAI and ICBA will continue to strongly advocate with policymakers for additional reforms and flexibilities, such as allowing a forgiveness presumption of compliance for loans of \$1 million or less and an easy-to-use loan forgiveness calculator.

We thank Illinois community bankers for their strong grassroots outreach to improve the SBA PPP loan program.

[Read the ICBA Summary of PPP Reforms »](#)

[\\* Read Joint Treasury and SBA Statement »](#)

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