

PPP Application Deadline Extended to August

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[Nicole C. Leath](#)

On Saturday, President Trump signed into law a bill providing a temporary extension of the Paycheck Protection Program, which was initially set to expire on June 30. Businesses that have not yet taken advantage of the program may now apply through August 8. Approximately \$130 billion of the \$660 billion earmarked for the program is still available to businesses affected by COVID-19 who qualify for relief under the CARES Act.

While there has been discussion of additional extensions to the program, the fate of PPP loans after August 8 is uncertain. Given the remaining \$130 billion still available for the program, a bill has been proposed in the Senate that would allow a small business with fewer than 100 employees to apply for a second round of PPP funds, if such business lost 50% or more of its revenue due to the pandemic. The bill seeks to further extend the application deadline through the end of the year, and it would also require that a second-round applicant exhaust all funds from its first PPP loan prior to applying for a second round.

Finally, the SBA answered another FAQ on June 25. Question No. 49 confirms that the maturity date on PPP loans will vary depending on whether the loan was approved before or after the passing of the Flexibility Act. The SBA indicated that, “[i]f a PPP loan received an SBA loan number on or after June 5, 2020, the loan has a five-year maturity. If a PPP loan received an SBA loan number before June 5, 2020, the loan has a two-year maturity, unless the borrower and lender mutually agree to extend the term of the loan to five years. The promissory note for the PPP loan will state the term of the loan.”

A number of additional new FAQs is expected to be released soon.