

Deadline Extended for New PPP Loan Applications

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Greenbaum, Rowe, Smith & Davis LLP Client Alert

The Small Business Administration's Paycheck Protection Program has provided forgivable loans to businesses designed to maintain employment levels by covering payroll and other expenses during the COVID-19 crisis. While many businesses have taken advantage of the program, there still remains more than \$120 billion in funds available for PPP loans. To provide additional aid to businesses, the application deadline for PPP loans was recently extended from June 30 to August 8, 2020.

This extension provides extra time for businesses that have not yet applied for PPP funds, however it does not allow any additional loans to a business that has already received a PPP loan. Borrowers can obtain PPP loans for an amount equal to 2.5 times monthly payroll expenses. Borrowers will have a 24-week period to spend the loan proceeds and then apply for forgiveness. The loans carry a 1% interest rate and may be paid over 5 years.

Congress has indicated in recent weeks that it plans to pass an additional stimulus package targeted to small businesses struggling with the economic impacts of the COVID-19 pandemic. We will continue to monitor developments related to the PPP and will advise when any new legislation is adopted.

Related Attorneys



Steven Firkser

Counsel

732.476.2388

Email