

TO: Conference Ministers, Conference Attorneys, Covenant Partners of the UCC (for further distribution)

FROM: Office of General Counsel

DATE: June 8, 2020

RE: Paycheck Protection Program Flexibility Act of 2020

## MEMORANDUM

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### I. Introduction

The Paycheck Protection Program Flexibility Act of 2020 (PPPFA) was signed into law on June 5, 2020. The law extends certain deadlines and eases certain requirements for loan forgiveness for Paycheck Protection Program (PPP) loans borrowed under the CARES Act.

United Church of Christ Local Churches and other settings should take these new deadlines and requirements into account in determining whether to apply for a PPP loan and how to use the funds once received.

Please read this memorandum in conjunction with Office of General Counsel's May 4, 2020 memorandum on the CARES Act. This memo is not legal advice to any particular church, and churches with legal questions about eligibility for any relief under the CARES Act should consult an attorney. Recipients of this memo can redistribute it and it will be posted on the UCC's Coronavirus Response resources page.

### II. Key Provisions

The PPPFA made the following changes for PPP loans:

- Extended the maturity date of the loan from two years to five years
- Extended the date to use the funds from June 30, 2020 to December 31, 2020
- Eased the requirement to maintain full-time equivalent employees during the term of the loan by providing that the forgiveness will not be proportionately reduced due to a reduction in the number of full-time equivalent employees if the borrower can document:

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- An inability to rehire individuals who were employees of the borrower on February 15, 2020; and
- An inability to hire similarly qualified employees for unfilled positions on or before December 30, 2020; or
- An inability to return to previous business levels due to compliance with HHS, CDC, or OSHA health and safety standards related to sanitation, social distancing, or worker/customer safety requirements related to COVID-19
- Reduced the percentage of the PPP loan that must be used for payroll costs in order to obtain forgiveness from 75% to 60%; up to 40% of the loan may now be used to pay interest on a covered mortgage obligation, rent, or utility
- Allows employers with forgiven loans to defer payroll taxes

For further information on loan forgiveness, please refer to Loan Forgiveness on the SBA's website at: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program#section-header-8>.