

Greetings,

At UCB we continue to navigate the open waters of PPP forgiveness. Last week I emailed stating that you could expect an email this that would give you the ability to start uploading PPP documentation proving that your proceeds were used appropriately.

Yesterday, the U.S. House of Representatives passed legislation giving small businesses more flexibility on how PPP funds can be used and adjusted the timelines that the business has to do so. While this has passed the House, it still has to pass in the Senate which is expected to vote on this bill next week.

I have copied an article below that outlines the new guidance that House passed yesterday in this new bill.

## **House passes bill giving small businesses more leeway on how they use PPP funds**

Thursday, May 28, 2020 1:46 PM ET

By [Alison Bennett](#)  
Market Intelligence

The U.S. House of Representatives passed bipartisan legislation with an overwhelming majority on May 28 to give small businesses more flexibility on how and when they use their loans under the U.S. Small Business Administration's Paycheck Protection Program.

The Paycheck Protection Program Flexibility Act, which passed, 417-1, gives businesses 24 weeks to use the funds and still have them forgiven — up from eight weeks, extends the covered period to Dec. 31 from June 30 and reduces the required percentage of PPP loans that must go toward businesses' payroll expenses to 60% from 75%.

That final change will allow small businesses to allocate 40% of their PPP loans to overhead expenses, up from the previous 25% requirement.

"This will give small businesses more flexibility to use their PPP funds," Rep. Steve Chabot, R-Ohio, said during debate on the bill.

Lawmakers said the changes are needed because the economic damage caused by the coronavirus is lasting longer than expected.

"We do not know how long the storm will last," Rep. Nydia Velazquez, D-N.Y., said. "We must extend this program through the end of the year."

The bill "strikes a balance" between protecting workers and helping businesses get back on their feet, she said.

Rep. Chip Roy, R-Texas, one of the bill's sponsors, said the measure will help businesses like hotels and restaurants keep their doors open "as we work to reopen America."

The legislation also allows employers to delay payment of payroll taxes; allows lenders and borrowers to negotiate on modifying the terms of a covered loan if there is mutual agreement; and provides an exception to the payroll requirement if the employer cannot rehire employees in time to meet the requirement or is able to document that it cannot return to the same level of business activity that it was engaging in prior to Feb. 15 due to regulations or other guidance established by the Department of Health and Human Services, the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration.

In other action on the House floor, lawmakers rejected legislation that would have required the SBA to submit reports on businesses that get assistance under the PPP and the Economic Injury Disaster Loan Program.

Under that bill, the SBA would have had to monitor recipients of the loans to ensure that money is going toward the purposes required by law. Lawmakers on the floor said it would put too much responsibility on the shoulders of the SBA.

It is unclear whether the Senate will take up the Paycheck Protection Program Flexibility Act or another PPP measure when it returns next week, but the issue is expected to be one of its highest priorities when it reconvenes.

That legislative body adjourned last week [without voting](#) on a different bipartisan measure to increase flexibility for businesses under the PPP.

Introduced by Sen. Susan Collins, R-Maine, and three other lawmakers, that bill would double the time businesses have to spend the PPP loans and still have them forgiven. It also would extend the deadline to apply for the money from June 30 to Dec. 31 and expand the range of ways to spend it. Additionally, it would clarify that borrowers who have maintained payroll for eight weeks would not lose loan forgiveness due to the extension of the program to 16 weeks.

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As always if you have any questions or need any help navigating the waters around your PPP loan, please contact your UCB loan officer. We have been working diligently to stay up to date on everything that is coming out surrounding your PPP loan.

Before I end this week's newsletter please do not forget about the resources available to you. The SBA puts out a weekly FAQ page that is updated with questions from real businesses. That can be found [here](#). The US Treasury also is an invaluable resource, that site can be found [here](#). Finally, if you ever miss one of our PPP loan newsletters, the entire list can be found [here](#).

Thank you for putting your trust in UCB.