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PPP Loan Forgiveness Timeline may be Extended—Bipartisan Support Growing to Give Small Business Owners More Time

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The Paycheck Protection Program was hailed for its promise to help small businesses survive the COVID-19 crisis. The [PPP Loan program](#) provides eligible small business owners with a loan worth up to 2.5 times its average monthly salary obligations. The goal of the program is to help small business owners continue paying their employees in the face of social distancing requirements and forced closures.

Businesses could have the loans forgiven if they used the funds for qualified expenses, such as payroll and benefits, rent, interest on mortgage payments, and utilities. However, only expenses incurred during the 8-week period after the loan was issued are eligible for forgiveness. Any funds not used for eligible expenses would be converted to a low-interest loan with a two-year payoff period.

8 Weeks is Not Enough Time for Many Small Businesses

This 8-week forgiveness period is what Congress is currently looking at expanding. This compressed time frame was designed to keep the doors of small businesses open so they could continue operating and paying employees during the COVID-19 crisis. These funds were designed to keep small businesses solvent and help to [reduce the number of individuals drawing unemployment benefits](#).

Unfortunately, many small businesses that applied for the PPP Loans haven't been able to continue operating under current social distancing rules that forced many nonessential businesses to completely or partially close their doors until states and municipalities reopened. Businesses that cannot operate under current conditions will not be able to have their loans forgiven in full.

Loan Forgiveness Rules are Hindering Other Small Businesses

The loan amount was based on 2.5 times monthly salary expenses, but business owners must spend the amount within eight weeks for it to be forgiven. This means that under current guidelines, many small business owners will only be able to have a portion of their loans forgiven, while the remainder would turn into a low-interest loan.

Another condition of the loan forgiveness portion of the PPP Loan is maintaining staffing and salary levels. Many small businesses that laid off staff members have had a difficult time rehiring them because there isn't enough work to do or because [some workers are currently earning more money through expanded unemployment benefits](#) than they would be from working.

The Call to Extend the PPP Forgiveness Timeline

Bipartisan support is growing to give small business owners more time.

Senator Marco Rubio (R-FL), the chair of the Senate Small Business and Entrepreneurship Committee, is lobbying to extend the eight-week loan forgiveness period.

The initial eight-week period is coming up, and he hopes to help push a fix through as soon as this week, giving those small business owners more time to meet the loan forgiveness requirements.

The House also has a fix included in the HEROES Act, which was put forth by the Democratic Party. However, the HEROES Act is a massive, \$3 trillion proposal that includes a variety of other spending bills, including a [large stimulus check package](#). It still has to go through the Senate before it can be submitted to the President for approval. This will take time and there is no guarantee it will be passed. This will not help small business owners who need an answer soon.

Will the PPP Loan Forgiveness Timeline Be Extended?

Right now, there is growing bipartisan support for modifications to the PPP Loan program. This makes an extension much more likely.

However, until something is passed, small business owners should proceed under the assumption that nothing has changed. If the timeline is extended, then you will have more time to work with the program to sustain your business and have your loan forgiven. If the timeline is not extended, then the portion of your loan that is not forgiven will be assessed at a 1% interest rate over a two-year period, with no payments due for the first six months. This is still a high-quality loan that can benefit your business.

We can't predict whether or not the PPP Loan program will be extended, but with the growing bipartisan support, this appears to be something that could be acted upon quickly. Be sure to check with your lender, as they are responsible for assessing loan forgiveness and reporting back to the SBA.