



## DEADLINE EXTENDED FOR PPP LOAN APPLICATIONS

On March 30, 2021, President Biden signed into law the [PPP Extension Act of 2021](#) that provides a 60-day extension for eligible employers to apply for a Paycheck Protection Program (PPP) loan.

The application deadline was set to expire on March 31, 2021, but now employers have until May 31, 2021. The act also gives the Small Business Administration (SBA) an additional 30 days through June 30, 2021 to process the loan applications filed by the end of May.

The PPP was created as part of the [Coronavirus Aid, Relief, and Economic Security Act](#) (CARES Act) on March 27, 2020 and was originally designed to help small businesses pay wages during the coronavirus pandemic with loans that would be paid off tax free by the federal government provided the borrower could prove that the funds were spent on eligible expenses during the specified time. Subsequent legislation, the [Consolidated Appropriations Act, 2021](#), which included \$284 billion additional funding and the American Rescue Plan Act of 2021 (ARPA), which included \$7.25 billion additional funding, expanded the forgivable expenses that borrowers can pay with the funds, made more employers eligible borrowers and created a second draw of PPP loan funds that is more targeted to very small companies with decreased revenue.

Notwithstanding the fact that the PPP Extension Act does not provide any further funding for the PPP beyond that provided in the CAA and ARPA, it does provide access to the approximate \$80 billion that has not yet been disbursed.

### ***Insights***

The SBA's new checks and balances that are applied to second draw loan requests slowed the disbursement of funds. Also, many newly eligible borrowers did not have guidance from the SBA on how to apply the rules when making their application until the March 31, 2021 deadline was imminent. The additional 60 days to apply for a PPP loan is a crucial measure to help ensure that the earmarked funds can reach the program's intended recipients.