



Keeping our RASEM Members informed during these changing times is something we take seriously.

Dear RASEM Members:

The Small Business Administration and U.S. Treasury Department on Wednesday rolled out major updates to the Paycheck Protection Program, offering automatic forgiveness for certain independent contractors and creating a broader application form for forgiveness.

Specifically, the updated forms clarify that the “owner compensation” amount automatically forgiven for borrowers who use a 24-week covered period, as opposed to the original eight-week period, is equal to 2.5 times their average monthly net income. This means independent contractors with a 24-week loan can have the full amount automatically forgiven under the new guidelines. The amount of forgiveness for borrowers who choose an eight-week period remains unchanged.

Borrowers who received their PPP loans before **June 5** can opt for either an **eight- or 24-week period** in which to use their loan; borrowers who received their loans after that date must use a 24-week period. The new forgiveness forms reflect a *60% requirement* for payroll expenses, down from the original 75%.

Additionally, the agencies created a streamlined “EZ Forgiveness Application” for borrowers who:

- Are self-employed and have no employees; or
- Did not reduce the salaries or wages of their employees by more than 25% and did not reduce the number or hours of their employees; or
- Experienced reductions in business activity as a result of health directives related to COVID-19 and did not reduce the salaries or wages of their employees by more than 25%.

“NAR has been working closely with congressional leaders to loosen forgiveness requirements,” says Shannon McGahn, senior vice president of government affairs for the National Association of REALTORS®. “Small-business owners don’t have the resources to hire lawyers and accountants like large companies, and they shouldn’t be burdened with paperwork and red tape at a time when they’re trying to stay afloat. These new guidelines should go a long way to help.”

The deadline to apply for a PPP loan is June 30. The program still has funding available and will close at the end of the month unless Congress acts to extend it.

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