

SBA Issues Guidance Regarding Deferral Period for PPP Borrowers

The Small Business Administration (SBA) in consultation with Treasury issued a new Frequently Asked Question regarding the Paycheck Protection Program Flexibility Act of 2020 (Flexibility Act).

As background, the Flexibility Act extended the deferral period for borrower payments of principal, interest, and fees on all PPP loans to the date on which SBA remits the loan forgiveness amount to the PPP Lender (alternatively, if the borrower does not apply for loan forgiveness, 10 months after the end of the loan forgiveness covered period). Previously, the deferral period would end after 6 months.

The SBA clarified that the extension of the deferral period automatically applies to all PPP loans, and that it will not require the formal modification to the underlying promissory note. Lenders are required to give immediate effect to the statutory extension, and must notify borrowers of the change. The SBA further clarified that a modification of a promissory note which reflects the required statutory deferral period under the Flexibility Act will not affect SBA's guarantee of a PPP loan.

The new FAQ can be found [here](#) (see question #52).

Contact Us

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