

CLIENT ALERT

Biden Administration Announces Streamlining of Paycheck Protection Program as Part of White House Covid Plan

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On September 9, 2021, President Biden announced a six-pronged plan to combat COVID-19, which Crowell previously discussed [here](#). One prong of the plan is to protect the economy, an aspect of which is the streamlining of the existing Paycheck Protection Program (“PPP”) loan forgiveness process.

Under the PPP, loans to small businesses can be forgiven if the business demonstrates that it used the loan funds to keep its employees on payroll. In order to receive forgiveness, all borrowers previously had to complete the loan forgiveness application and submit it to their PPP lender. Per the new streamlined process, for loans of \$150,000 or less, SBA will send a pre-completed application form to the borrower, who will then review, sign, and send the form back to SBA. SBA then works directly with the lender to complete the forgiveness process.

SBA has already started utilizing this new process as of August 4, 2021. Lenders are required to opt-in to the program through <https://directforgiveness.sba.gov>, with over 600 banks already opting into direct forgiveness. SBA estimates that 6.5 million small businesses would be eligible for the streamlined process. SBA says that more than 820,000 small businesses have already applied for forgiveness using the new process, with borrowers spending an average of 6 minutes on the application and 60% of applicants completing the process on their mobile phone.

Crowell will continue to monitor, and provide updates, regarding the use of this streamlined process.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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