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**THE SBA HAS ELIMINATED THE PPP LOAN NECESSITY QUESTIONNAIRE REQUIREMENT**

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According to the Journal of Accountancy,<sup>1</sup> on July 9, 2021, the SBA withdrew its requirement that borrowers with Payroll Protection Program (“PPP”) loans over \$2 million complete and submit the PPP Loan Necessity Questionnaire (SBA Form 3509 for for-profit borrowers and SBA Form 3510 for not-for-profit borrowers) as part of borrowers’ forgiveness applications. This withdrawal is effective immediately and also applies to “...PPP loans with an open request for additional information related to the Loan Necessity Questionnaire...” and “...the SBA [has] advised lenders to close the request in the PPP computer platform and submit the loan back to the SBA.” See footnote 1.

Challenges regarding the legality of the SBA’s use of the Loan Necessity Questionnaire, as well as many organizations urging the withdrawal of such requirement as not being in the spirit of the program, was likely the motivating factor.

This is great news for borrowers who have not yet submitted their forgiveness applications, and for borrowers where the SBA has requested additional documentation related to the Questionnaire, as the Questionnaire can provide misleading information as to the true financial status of the borrower, both at the time of the PPP loan application and during the applicable covered period.

The SBA is expected to issue updated FAQs, regarding its withdrawal of the Loan Necessity Questionnaire shortly.

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<sup>1</sup> <https://www.journalofaccountancy.com/news/2021/jul/sba-drops-ppp-loan-necessity-questionnaire-requirement.html>