

CLIENT ALERT

SBA To No Longer Rely on Economic Necessity Questionnaires in Processing PPP Forgiveness Applications

August 2, 2021

On July 29, 2021, the Small Business Administration announced in an [FAQ](#) that it is discontinuing any reliance on the Loan Necessity Questionnaires, which the SBA had required of each borrower, that together with its affiliates, received Paycheck Protection Program loans with a principal amount of \$2 million or greater. As we've previously [discussed](#), in October 2020, the SBA had unexpectedly released SBA Forms 3509 and 3510 to collect information that would purportedly allow SBA loan reviewers to assess PPP borrowers' certification that economic uncertainty made the PPP loan necessary to support ongoing operations. The SBA explains in the new FAQ that use of the forms have caused delays and do not provide for efficient use of SBA audit resources and as such use of these forms is discontinued. The FAQ also notes that the majority of public comments SBA received on the forms raised objections to their use.

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

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