



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, DC 20416

June 21, 2021

Susan Minson
SBA Desk Officer
Office of Management and Budget

Dear Ms. Minson:

Pursuant to the Office of Management and Budget (OMB) procedures established at 5 CFR 1320, SBA is requesting that approval to discontinue SBA Form 3509, *Loan Necessity Questionnaire (For-Profit Borrowers)* and SBA Form 3510, *Loan Necessity Questionnaire (Non-Profit Borrowers)*, OMB Control No. 3245-0407 be processed in accordance with section 1320.13, Emergency Processing by June 23, 2021.

SBA's authority to accept new loan guaranty applications for the PPP program expired on May 31, 2021. See, PPP Extension Act of 2021, P.L. 117-6. The Loan Necessity Questionnaires had a deterrent effect and prevented program abuse by applicants that could not make the loan necessity certification in good faith. Now that SBA's program authority has expired, such deterrence is no longer necessary. Furthermore, SBA has been conducting loan necessity reviews, using the Loan Necessity Questionnaires, on loans of \$2 million or greater where borrowers have submitted forgiveness applications. A significant number of these reviews have shown that the borrowers met the good faith certification requirement.

SBA's decision was also influenced by the 61 comments received from members of the public regarding the questionnaires. The majority of the commenters raised objections to the questionnaires as being unnecessary and burdensome, among other things. The loan necessity reviews, including review of the Loan Necessity Questionnaire, are lengthy and have caused delays beyond the 90-day statutory timeline for forgiveness, thus negatively impacting borrowers that made their loan necessity certification in good faith. Discontinuance of these two forms will reduce the burden on PPP borrowers with loans of \$2 million or greater, as they will no longer be required to complete the Loan Necessity Questionnaires to obtain forgiveness of their loans. SBA will also be able to conserve its finite audit and review resources and be better positioned to process forgiveness decisions within the statutory deadlines.

Sincerely,

Jihoon Kim
Director, Office of Financial Program Operations