



Paycheck Protection Program Update

November 9, 2020

Loan Necessity Questionnaire (Form 3510)



The Jewish Federations[®]
OF NORTH AMERICA

Learn more at [JewishTogether.org](https://www.jewishtogether.org)



Agenda

- Update on forgiveness application process and good faith certification requirements
- Review Loan Necessity Form 3510 (loans >\$2MM) and how to compile supporting documentation
- Review potential advocacy to address problems with the Form
- Answer questions



PPP: Good Faith Certification

- Loan application: Borrower's good faith certification that economic conditions made PPP loan necessary (FAQ 17)
- SBA subsequent interpretations added additional conditions and raised concerns (FAQ 31 & 37)
- Following an advocacy effort, SBA announced that only loans >\$2M would be audited (FAQ 46)



PPP: Forgiveness vs. Necessity Audit

- Loan Forgiveness Application (Form 3508) required by all Borrowers
 - Discussed in previous Jewish Together webinars
 - Must be filed no later than 10 months after covered period ends
- Loan Necessity Questionnaire (Forms 3509 and 3510)
 - Applies primarily to Borrowers with loans >\$2MM
 - Timing of submission has not been finalized (i.e. before or after Form 3508 is submitted)



Loan Necessity Questionnaire (Form 3510)

Purpose: Collect supplemental information to evaluate Borrower's good faith certification

- Receipt of Form does not mean SBA is challenging certification
- SBA may request additional information to complete review
- SBA determination based on totality of circumstances



Loan Necessity Questionnaire: Submission Timing

- Lender will provide to Borrower
- Borrower has 10 business days to submit completed questionnaire with documentation
- Failure to complete the Form may result in an SBA determination that Borrower was ineligible for loan amount or forgiveness claimed (SBA may seek repayment or other remedies)

NOTE: Lender is responsible to forward response to SBA for review



Non-Profit Borrower Questionnaire (Form 3510)

Form contains two sections:

- (1) Non-Profit Activity Assessment
- (2) Liquidity Assessment

- General instructions:
 - Certain responses require supporting documentation
 - SBA may request additional supporting documentation
 - Borrower: ***State If Information Provided is Confidential***



Non-Profit Activity Assessment (Form 3510)

Required information for 2nd Quarter in both 2019 & 2020⁽¹⁾

- Gross receipts*
- Gifts, grants, contributions and similar amounts*
- Expenses*

¹Seasonal agencies will use 3Q

**Supporting documentation required*





Non-Profit Activity Assessment (Form 3510)

- COVID Impact after March 13, 2020
 - Mandatory state or local authority shutdown
 - Mandatory state or local authority order to significantly alter its operations
 - Voluntarily cessation or reduction of operations
 - Voluntarily alter its operations
- Capital improvements not due to COVID during period
- Catchall question: Additional information or comments on business activity assessment



Liquidity Assessment (Form 3510)

- Cash, savings and temporary investments*
 - Part X, line 1-2 of Form 990
 - Any restrictions on use for payroll/nonpayroll costs (mortgage, interest, rent, utilities)
- Value of non-cash investments (equity, bond, and real estate)
- Debt prepayments during covered period*
- Information on employees earning more than \$250,000*

**Supporting documentation required*



Liquidity Assessment (Form 3510)

Endowments (supporting documentation required)

- Value on last day of quarter before PPP loan application
- Held directly or indirectly through a related organization
- Based on Form 990 Schedule D definition
 - Permanent
 - Temporarily restricted
 - Board-designated/quasi-endowments
 - Donor-advised funds not included in definition
- Any restrictions on use of endowment assets for PPP forgiveness expenses



Liquidity Assessment (Form 3510)

School/college/university

- Tuition data
- Offer additional financial aid due to COVID

Healthcare

- Patient care revenue in Q2 2019 and 2020
- Discount on services due to COVID



Liquidity Assessment (Form 3510) Continued

- Receive other CARES Act program funds, excluding tax benefits
- Catchall question: Additional information on liquidity assessment



PPP: The Road Ahead

Form 3510:
Comment period and prospects
for change

Pending legislation:
Forgiveness calculation, second
round of PPP loans and other
relief available



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