

PPP UPDATE: FORMS 3509 AND 3510

Presented by:

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➤ Overview

- Good-faith certification that borrowers made on the loan application that economic uncertainty made the loan request necessary
- Two forms – for profit (3509) and not-for-profit (3510)
- Forms apply to borrowers with PPP loans of \$2 million or greater
- Borrowers will receive from lender; not from SBA or Treasury websites
 - Receipt does not mean SBA is challenging the application
 - Standard for loans of \$2 million or greater
- Timing – borrower to complete and return to lender within **10 business days** of receipt from lender

Form 3509

OMB Control Number: 3245-0487
Expiration Date: 10/31/2020

PAIDORR PROTECTIVE PROGRAM LOAN SECURITY QUESTIONNAIRE FOR PAYEE BORROWERS

The purpose of this form is to facilitate the collection of supplemental information that will be used by SBA to determine whether to include the good faith indication that you made on your PPP Borrower Application (SBA Form 3509) in your review. Your true answers, responses, and data for this form are required to complete this form and to ensure that you are not subject to a civil penalty under 5 U.S.C. 552(a)(5) for providing false information. The information you provide on this form will be used to determine if you are eligible for the PPP loan. The PPP loan is subject to a civil penalty under 5 U.S.C. 552(a)(5) for providing false information. The information you provide on this form will be used to determine if you are eligible for the PPP loan. The PPP loan is subject to a civil penalty under 5 U.S.C. 552(a)(5) for providing false information.

Failure to complete this form will result in the denial of your PPP loan. The PPP loan is subject to a civil penalty under 5 U.S.C. 552(a)(5) for providing false information. The information you provide on this form will be used to determine if you are eligible for the PPP loan. The PPP loan is subject to a civil penalty under 5 U.S.C. 552(a)(5) for providing false information.

Additional instructions are on back of this form page.

Part I - Borrower Information

Borrower Legal Name (Borrower)	SBA or Individual, if applicable	
Borrower Address	Borrower EIN (BA, SSN)	Borrower Phone
Business Name	Business Address	Business Phone
SBA PPP Loan Number	Original Principal Amount of PPP Loan (in \$)	

Part II - Key PPP Borrower Questions

Eligible types of borrower businesses include sole proprietorships, partnerships, corporations, S corporations, limited liability companies, independent contractors, eligible and registered nonprofits, Tribal businesses (as defined by 25 U.S.C. 4302), and other and eligible cooperative except farm limited access business under 705(a)(1)(D) of the Internal Revenue Code.

For the Business Activity Assessment section below, you must include supporting documentation for your answers to questions A, B, and C as part of your submission.

For each question, select the response that best describes your situation. Select "YES" or "NO" to indicate whether your answer or information provided in response to the question are reasonably true and correct.

SBA may request additional supporting documentation as part of the loan review.

Business Activity Assessment	Confirmation
A. Did you receive any additional supporting documentation as part of the loan review?	Yes/No
B. Did you receive any additional supporting documentation as part of the loan review?	Yes/No
C. Did you receive any additional supporting documentation as part of the loan review?	Yes/No

C. If the borrower did not receive a Q1 2019 sales tax return, was the borrower's sales revenue for the first calendar quarter (Q1) of 2019:

1. At least 80% of the borrower's sales revenue for Q1 2019 for the quarter ending on 03/31/2019?

2. At least 80% of the borrower's sales revenue for Q1 2019 for the quarter ending on 03/31/2019?

3. At least 80% of the borrower's sales revenue for Q1 2019 for the quarter ending on 03/31/2019?

4. At least 80% of the borrower's sales revenue for Q1 2019 for the quarter ending on 03/31/2019?

5. At least 80% of the borrower's sales revenue for Q1 2019 for the quarter ending on 03/31/2019?

A. At any time since March 13, 2020, has the borrower (company) received an order for goods or services that is not for the borrower's regular course of business?

B. If the answer to A is YES, provide the date and dollar value of the order (include the order number) that is not for the borrower's regular course of business?

C. If the answer to A is YES, what did the borrower (company) do to fulfill the order?

D. If the answer to A is YES, what was the number of orders or items that were not for the borrower's regular course of business?

E. Other (please describe) (100-character max)

1. At any time since March 13, 2020, has the borrower (company) received an order for goods or services that is not for the borrower's regular course of business?

2. If the answer to A is YES, provide the date and dollar value of the order (include the order number) that is not for the borrower's regular course of business?

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5. Other (please describe) (100-character max)

6. At any time since March 13, 2020, has the borrower (company) received an order for goods or services that is not for the borrower's regular course of business?

7. If the answer to A is YES, provide the date and dollar value of the order (include the order number) that is not for the borrower's regular course of business?

8. If the answer to A is YES, what did the borrower (company) do to fulfill the order?

9. If the answer to A is YES, what was the number of orders or items that were not for the borrower's regular course of business?

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10. Other (please describe) (100-character max)

Sections

- Overview
- Basic borrower information
- Business Activity Assessment
- Liquidity Assessment
- Certification

➤ Business Activity

1. Year-over-year gross revenue comparison
 - Q2 2020, or Q3 2020 option for seasonal businesses
 - Compare to Q1 2020 if business did not exist in prior year period
2. State or local shutdown
3. State or local order to alter operations
 - Caps on # of people, outdoor service, workspace reconfigurations
4. Voluntarily ceased or reduced operations
 - Employees contracting COVID, supply chain disruption
5. Voluntarily altered operations
 - Caps on # of people, outdoor service, workspace reconfigurations
6. New capital improvements projects not due to COVID
7. Six-digit NAICS code
8. Additional comments (1,000 character limit)

➤ Business Activity: Specific to Not-for-Profits (Form 3510)

- Borrower's gross receipts from gifts, grants, contributions and similar amounts
- Borrower's expenses
- *For the above items: Same comparisons as gross revenue*

› Liquidity

1. Borrower's cash and cash equivalents at prior quarter end
2. Dividends or capital distributions to owners (other than pass-through tax payments)
3. Prepayment of outstanding debt
 - What about lines of credit?
4. Employees compensated >\$250,000 on an annualized basis during the covered period
 - Salary, gross wages, gross tips, gross commissions, severance
5. Owners who work at borrower compensated >\$250,000 on an annualized basis during the covered period
 - Salary, gross wages, gross tips, gross commissions, severance

➤ Liquidity (continued)

6. Any listed securities on a national exchange
7. Ownership of at least 20% of borrower's equity by a publicly traded company
8. Book value of equity at prior quarter end (does not specify tax or book)
9. Borrower a subsidiary of another company (outside U.S. or publicly traded)
10. Ownership of at least 20% of borrower's equity by a private equity firm, venture capital firm or hedge fund
11. Affiliate or subsidiary of a foreign, state-owned enterprise
12. Funding from any CARES Act program other than PPP, excluding tax benefits
13. Additional comments (1,000 character limit)

➤ Liquidity: Specific to Not-for-Profits (Form 3510)

- Form 3509 items 2, 5-11 are not applicable
- Restrictions on borrower using net income or cash, savings and temporary cash investments for payroll and other costs such as mortgage interest, rent and utilities payments
- Borrower, directly or through a related organization holds assets in any endowment funds
- Non-cash investments
- Schools, colleges and universities
- Providing health care services
- Offers of discounts on services due to COVID-19

➤ What's Not Included (potential additional comments)

- Customer challenges/shutdowns
- Profitability (not directly addressed)
- Debt repayments or line of credit capacity
- Seasonal challenges
- Expectations/“what ifs” at time of loan application, rather than how things actually turned out
- Expected longer term challenges

➤ Key Takeaways

- Timing – due within 10 business days of receipt from lender
- All of these considered but there is no scoresheet – how many need to be “acceptable” in order to pass?

HAVE QUESTIONS OR WANT TO LEARN MORE?

- Contact your RKL advisor
- Visit RKL's [Business Recovery Resource Center](#) for more updates and guidance

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