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SBA Issues Draft Form 3510 for Repayment of Large PPP Loans

The Small Business Administration (“SBA”) has issued a **draft of form 3510**. This form is designed to elicit specific financial information from nonprofit organizations that borrowed more than \$2 million under the Paycheck Protection Program (“PPP”). The form has not been finalized, but when it is, we anticipate that banks will be sending out the form to borrowers, who will have only ten days to complete it and return it. Comments are due to the SBA on the form by November 25, 2020.

If you took out a loan of more than \$2 million, look at the form now and begin compiling the information, and supporting documents, so that you are in a good position to complete the form within ten days.

The form is more detailed than we were expecting. The **FAQs** that the SBA has been issuing stated that a borrower needed to make a certification, when applying for the loan, that “[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.” The form 3510 (or 3509 for for-profits) goes into great detail comparing second quarter 2020 gross receipts and expenses to the comparable quarter in 2019 (or if the organization did not exist, the first quarter of 2020).

There are additional specific questions geared towards different types of organizations.

Please note that this form is in addition to the basic loan forgiveness application that borrowers will submit to their banks.

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AUTHOR



Robert A. Wexler
Senior Counsel

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EDITORS



Eric K. Gorovitz
Principal