



November 25, 2020

Mr. Curtis Rich, Agency Clearance Officer  
Small Business Administration  
409 3<sup>rd</sup> Street, SW, 5<sup>th</sup> Floor  
Washington, DC 20416

SBA Desk Officer  
Office of Information and Regulatory Affairs  
Office of Management and Budget  
New Executive Office Building  
Washington, DC 20503

RE: OMB Control Number: 3245-0407

Dear Mr. Rich and SBA Desk Officer:

The American Institute of CPAs provides these comments with regard to the new Paycheck Protection Program (PPP) “Loan Necessity Questionnaires,” Small Business Administration (SBA) Forms 3509 and 3510. These questionnaires were recently established by the Department of Treasury (Treasury) and the SBA and require PPP borrowers with loans of \$2 million or greater to complete a new form and provide extensive, burdensome documentation supporting their request for relief funds.

PPP borrowers were required to make a “good faith certification” of need for the loan *at the time of the loan application*. Specifically, the CARES Act calls for an eligible recipient to certify that the “uncertainty of current economic conditions makes necessary the loan request to support the ongoing operations of the eligible recipient.” The certification was intended to permit a borrower to self-assess its need for a PPP loan based on the economic uncertainty it was aware of *at the time of its loan application*. As there was no way to predict how long the global pandemic would last, its severity, or the extent of the financial ramifications on the borrower’s operations, borrowers were directed to make their own good faith determination as to whether the loan was necessary to maintain operations.

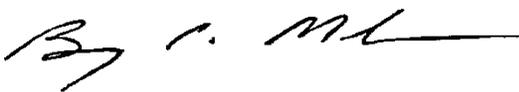
AICPA believes that rather than asking for data surrounding the borrower’s operations after the date of the loan application, the agencies should instead ask the borrower to provide a narrative statement with documentation the borrower believes appropriate to support the basis for its good faith certification that the uncertainty in economic conditions made the PPP loan necessary to support the ongoing operations of the business. This approach is consistent with the CARES Act which required that the borrower self-assess to the best of its ability with the information it had *at the time*. By asking borrowers to provide very detailed metrics and supporting documentation for results of operations that occurred after the certification was made, the timeframe that is being examined is not consistent with the information the borrower had available at the time of the good faith statement made with the loan application.

Specifically, AICPA believes that the following and operational concerns should be addressed:

- The questionnaires focus on the wrong timeframe during which the PPP loan must be assessed. They seek gross revenue comparisons between 2020Q2 and 2019Q2 and other metrics and narratives that describe how the borrower has fared during the pandemic. However, borrowers were required to certify in good faith that the loan was needed *at the time of the request*.
- The forms ask for liquidity and revenue data, which could expose the personal finances of small business owners. This type of information is confidential for many borrowers and there is no clear understanding of how the information would be protected.
- Questions about revenue and liquidity data signal a bias against PPP borrowers who survived or remain profitable during the pandemic. Steady or increased revenue with healthy liquidity and continuing employment is a sign that the PPP loan was successful.
- Other questions raise concern that a borrower's answer may lead to a misinformed analysis by the agencies. For example, requests for statements on whether closures or changes in operations were mandatory or voluntary and details on which governmental jurisdiction mandated the closures.
- The questionnaires apply impractical compliance deadlines on borrowers and lenders that would be impossible in many cases. The nine-page questionnaire demands a level and type of reporting never previously required from borrowers by status or in any process in PPP lending thus far.

We appreciate your consideration of these comments and welcome the opportunity to discuss these issues further. If you have any questions, please contact Lisa Simpson, Director, Firm Services, at [lsimpson@aicpa.org](mailto:lsimpson@aicpa.org) or 919-402-2313 or Diana Deem, Director, Congressional and Political Affairs, at [ddeem@aicpa.org](mailto:ddeem@aicpa.org) or 202-434-9276.

Sincerely,



Barry C. Melancon, CPA, CGMA  
President & CEO

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The American Institute of CPAs (AICPA) is the world's largest member association representing the CPA profession, with more than 431,000 members in the United States and worldwide, and a history of serving the public interest since 1887. AICPA members represent many areas of practice, including business and industry, public practice, government, education and consulting. The AICPA sets ethical standards for its members and U.S. auditing standards for private companies, nonprofit organizations, and federal, state and local governments. It develops and grades the Uniform CPA Examination, offers specialized credentials, builds the pipeline of future talent and drives professional competency development to advance the vitality, relevance and quality of the profession.