

Supporting Statement
U.S. Small Business Administration
Paperwork Reduction Act Submission
Paycheck Protection Loan Program
OMB Control Number 3245-0407

A. Justification

This information collection was approved under emergency proceedings on March 31, 2020. SBA is resubmitting at this time to request approval of a modification to add a new instrument, Form 3506, CARES Act Section 1102 Lender Agreement and to update the two forms (Form 2483 and 2484) previously approved. SBA Form 2483 has been modified to no longer require 20% or greater owners of the Applicant to execute the form; add a certification by the Applicant that it was in operation on February 15, 2020 and had employees for whom it paid salaries and payroll taxes or paid independent contractors, as required by the CARES Act; and to make minor other edits for clarity. SBA Form 2484 was revised to clarify the purpose and instructions statements, streamline the information required regarding the use of proceeds, reflect that the Lender may rely upon documentation and certifications from the Applicant with respect to eligibility, character, and citizenship, and to significantly streamline the certifications required by the Lender.

1. Explain the circumstances that make the collection of information necessary.

Section 1102 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Pub. L. 116-136, authorizes SBA to guarantee loans made by banks or other financial institutions under a new 7(a) program titled the “Paycheck Protection Program” to small businesses, certain non-profit organizations, veterans organizations, and Tribal business concerns, independent contractors and self-employed individuals adversely impacted by the Coronavirus Disease (COVID-19) Emergency. Proceeds of a Paycheck Protection Program (PPP) loan may be used for payroll costs, costs related to the continuation of group health care benefits during periods of paid sick, medical or family leave, and insurance premiums, rent payments, mortgage interest payments, payments on other debt incurred prior to February 15, 2020, and to refinance an eligible SBA Economic Injury Disaster Loan (EIDL). A new information collection is necessary in order to implement this program authority.

2. How, by whom, and for what purpose will the information be used.

The information collection consists of:

- SBA Form 2483, *Paycheck Protection Program Application Form*, which will collect information from Applicants concerning the ownership of the business and the Applicant’s owners of 20% or more, the loan purpose, any history of prior government debt, and any criminal history;
- SBA Form 2484, *Paycheck Protection Program Lender’s Application for 7(a) Guaranty*, which will collect information from Lenders concerning the eligibility and creditworthiness of the Applicant, as well as the loan terms and conditions. Information collected will be used by the Lenders to determine the applicants’ eligibility to receive a loan and the eligibility of the use of proceeds. SBA will use the information provided by

Lenders to ensure compliance with Loan Program Requirements (as defined in 13 CFR 120.10), as modified specifically for this program, and the Paycheck Protection Program Guide.

- SBA Form 3506, CARES Act Section 1102 Lender Agreement, will collect information from federally insured depository institutions, federally insured credit unions, and Farm Credit System regulated agricultural lenders (other than the Federal Agricultural Mortgage Corporation) that do not already participate in the 7(a) loan program. Information collected will be used by SBA and the Department of Treasury to determine whether these financial institutions are eligible to participate in the Paycheck Protection Program, and to ensure compliance with the terms and conditions of the Paycheck Protection Program. If approved, these financial institutions will be permitted only to make “covered loans” that are subject to the Paycheck Protection Program.

3. Use of automated, electronic, mechanical, or other technological collection techniques

Form 2483 and Form 2484 will be available on the SBA website as PDFs (fillable forms) at <https://www.sba.gov/managing-business/forms/lending-forms>. Lenders will also be able to assist applicants by generating the forms through third-party software platforms.

SBA Form 2483: Applicants will complete the form and submit it to the Lender with any supporting documentation (e.g., listing of any Affiliates, details regarding receipt of an SBA EIDL).

SBA Form 2484: Lenders will complete the form and submit it to SBA electronically via E-Tran. Lender must retain the original SBA Forms 2483 and 2484 and all supporting documentation in its loan file.

SBA Form 3506: Eligible lenders will submit this document to request approval to participate in the PPP loan program via email to DelegatedAuthority@sba.gov

4. Avoidance of duplication

There are no known sources of information that could be used for the Paycheck Protection Program in lieu of the requested information. The data requested is unique to each Lender, as well as the Applicant, its principals and the circumstances of each particular loan, and the Paycheck Protection Program.

5. Impact on small businesses or other small entities

This information collection will likely impact a substantial number of small businesses or other small entities. The information is only collected once from each Applicant and has been designed to lessen the burden on the Applicant by requesting the minimum information necessary for Lenders to make a prudent decision regarding the loan application.

6. Consequences if information is not collected

Failure to collect the information requested could result in improper payments if loans are issued to Applicants that are not eligible or for purposes that are not authorized. Failure to collect the

information could also impact SBA's ability to ensure its lending partners are complying with SBA Loan Program Requirements.

7. *Existence of special circumstances*

None of the circumstances are applicable.

8. *Solicitation of public comment.*

SBA has submitted a concurrent request for emergency approval of this information, including waiver of the required 60-day comment notice period in order to facilitate expeditious implementation of the Paycheck Protection Program.

9. *Payment or gift to respondents*

No gifts or payments are provided to any respondents.

10. *Assurances of confidentiality.*

The information collected is protected to the extent permitted by law. SBA incorporated various statements required by law and executive orders to advise respondents of, among other things, the protections against disclosure of sensitive and confidential information under the "Freedom of Information Act" (5 U.S.C. § 552), "Right to Financial Privacy Act of 1978" (12 U.S.C. § 3401), and the Privacy Act (5 U.S.C. § 552a), where applicable.

11. *Questions of a sensitive nature.*

Information that is retrieved by a personal identifier is maintained in SBA's Privacy Act System of Records governing the disclosure of such information, specifically SBA 21—Loan System. See Federal Register Notice at 74 FR 14890 (April 1, 2009) as amended by notices published at 77 FR 15835 (03/16/2012) and 77 FR 61467 (10/09/2012), for details regarding routine uses and other terms governing the use of the information.

12. *Estimate of the hourly burden and cost burden for the collection of information*

Number of Respondents - The total number of estimated respondents is based on 80% of the 2017 US Census Data report for employers with employees less than 500 equates to 4,781,409. This takes into account two respondents for each SBA Form 2483 and one respondent for each SBA Form 2484. The total estimated burden hours is 3,287,218. The total respondents is derived from the 2017 U. S. Census data report for firms with less than 500 employees.

SBA Form 2483

Assuming one SBA Form 2483 is completed for each application, SBA estimates the form will take an average of 8 minutes to complete. This estimate is based on a sample testing by 1 or more individuals who were not familiar with the form.

Estimated cost is determined by taking the salary for a GS-11, Step 1 Federal employee’s annual salary of \$69,761 or \$36 hourly rate based on the 2020 General Schedule for Sacramento California (Base). The GS-11 pay grade is utilized in preparing this estimate as it is equivalent to the position normally held by a white-collar employee in a mid-level position.

<i>Estimated Number of forms collected annually</i>			
A	FY2020 (approximately based on US Census 2017)80%		4,781,409
<i>Estimated Burden Hours</i>			
B	Number of minutes to complete form		8
C	Total number of minutes to complete form (annually)		38,151,272
D	Converted to hours	C/60 minutes	637,521
E	GS-11, Step 1 loan officers hourly rate		\$ 36
F	Annual cost to respondents	D x E	\$ 22,950,763

SBA Form 2484

Each PPP loan requires one SBA Form 2484 to be completed by the Lender. Since a Form 2484 must be submitted with each Form 2483, Lenders will submit an estimated 80% 5,976,761 forms annually. The SBA estimates these Lenders will take an average of 25 minutes to complete the form at an average cost of \$37.50 per hour. The hourly rate is based on the average for a white-collar employee in a mid-level position with an annual rate of \$75,000.

<i>Estimated Number of forms collected annually</i>			
A	FY2020 (Estimated)		5,976,761
<i>Estimated Burden Hours</i>			
B	Number of minutes to complete form		25
C	Total number of minutes to complete form (annually)		149,419,025
D	Converted to hours	C/60 minutes	2,490,317
E	Avg Mid-level loan officer hourly rate		\$ 37.50
F	Annual cost to respondents	D x E	\$ 93,386,887

SBA Form 3506

For the purpose of the PPP loan program, All federally insured depository institutions, federally insured credit unions, and Farm Credit System regulated agricultural lenders (other than the Federal Agricultural Mortgage Corporation) are eligible to participate in the Paycheck Protection Program. SBA estimates approximately 1,000 eligible lenders will submit this form to apply to participate. We further estimate no additional time is associated with the completion of this form.

13. Estimate of total annual cost excluding cost included above in number 12.

There are no start-up, capital or other cost to respondents as a result of this information collection. The Lender must maintain loan documentation; however, the cost to retain this information does not materially contribute to Lender's the overall file retention cost.

14. Estimated annualized cost to the federal government

The new SBA Forms 2483 and 2484 are streamlined versions of existing SBA Forms 1919, borrower Information Form, and 1920, Lender's Application for Guaranty, currently used for all 7(a) Loan Programs. All forms will be electronically submitted to the Agency; therefore, there is no appreciable collection cost associated with this information. The cost for the staff necessary to review the forms exists whether these forms are remitted to the Agency for review as all lenders under this program will have delegated authority through the duration of the program.

The agency will pay a processing fee to participating lenders for the PPP as follows:

- 5% for loans with an outstanding balance at disbursement of ≤\$350,000;
- 3% for loans with an outstanding balance at disbursement ≥ \$350,001 up to \$2,000,000.
- 1% for loans with an outstanding balance as disbursement ≥ \$2,00,000.

Based on the breakdown mentioned above the follow is based on the annual payroll cost from the 2017 U. S. Census data chart for firms with less than 500 employees.

Employees	Annual Payroll Cost (\$1,000)	# of Firms
≤ 500	\$2,711,536,979	5,976,761

The maximum allowable loan amount is \$10,000,000 with processing fee paid to the lender of no greater than 5% of the outstanding loan amount per applicant by SBA. As noted above, the annual payroll cost is \$2,711,536,979,000 for business ≤ 500 employees, therefore it is estimated that the maximum cost would be 13,557,685,000.

Total annual cost of \$13,618,722,662 is calculated as follows:

Total estimated one-time startup cost= \$13,557,685,000

Plus

Annual respondents divided by 12 months then multiplied by 6 months to align with the timeline of the program of up to 6 months= \$61,037,662.

15. Explanation of program changes in items 13 or 14 on OMB Form 83-I.

Inapplicable; new collection.

16. Collection of information whose results will be published.

Business loan data is routinely published on SBA website and may be included in periodic reports to the Congress and/or OMB.

17. Expiration date for collection of this data.

This is not applicable; expiration date will be displayed.

18. *Exceptions to the certification on Block 19 on OMB Form 83-I.*

There are no exceptions.

19. *Collections of Information Employing Statistical Methods*

This is not applicable.