

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 on an emergency basis to facilitate immediate implementation of the Paycheck Protection Program (PPP). The collection currently consists of SBA Form 2483 - *Paycheck Protection Program Application Form*; SBA Form 2484 *Paycheck Protection Program Lender's Application for 7(a) Guaranty*; SBA Form 3506 - *CARES Act Section 1102 Lender Agreement*; and SBA Form 3507 *CARES Act Section 1102 Lender Agreement - Non-Bank and Non-Insured Depository Institution Lender*. To further facilitate carrying out the program, SBA is requesting approval to revise the collection by adding SBA Form 3508, *Paycheck Protection Program – Loan Forgiveness Application* for use by small businesses to request forgiveness of a PPP loan.

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). Under section 1106(b) of the CARES Act, a loan may be forgiven in full or in part if the small business uses the proceeds for eligible purposes. The applicable statutory provisions are attached.

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

SBA Form 2483, *Paycheck Protection Program Borrower Application Form*, collects 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, *Lender Application Form - Paycheck Protection Program Loan Guaranty*, collects information from Lenders concerning the eligibility and creditworthiness of the Applicant, as well as the loan terms and conditions. Information collected is used by the Lenders to determine the applicants' eligibility to receive a loan and the eligibility of the use of proceeds. SBA uses 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;

SBA Form 3506, *CARES Act Section 1102 Lender Agreement*, collects 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 is 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. Approved financial institutions are permitted only to make “covered loans” under the Paycheck Protection Program;

SBA Form 3507, *CARES Act Section 1102 Lender Agreement - Non-Bank and Non-Insured Depository Institution Lenders*, is used to collect information from depository or non-depository institutions as well as certain service providers that have contracted with insured depository institutions to support their lending activities. Non-Bank and Non-Insured Depository Institutions may submit a request to participate in the PPP loan program. Eligible lenders are authorized to participate in the PPP loan program only, and only for the duration of the program. SBA and the Department of Treasury determine the eligibility of Non-Bank and Non-Insured Depository Institution Lenders; and

SBA Form 3508, *Paycheck Protection Program – Loan Forgiveness Application* – Borrowers that received a PPP loan will submit this completed form to their PPP lender. The information will be used to determine whether the application meets the criteria for loan forgiveness.

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 Forms 3506 and 3507: Eligible lenders will submit either of these forms as applicable to its circumstances to request approval to participate or determine eligibility, as applicable in the PPP loan program via email to either DelegatedAuthority@sba.gov or NFRApplicationForPPP@sba.gov.

SBA Form 3508: Borrowers will submit the requested information directly to their lenders who will control submission method.

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 impacts a substantial number of small businesses. However, the information collected is designed to lessen the burden on both small businesses and lenders by requesting the minimum information necessary for SBA and lenders to make prudent decisions.

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 received emergency approval of this information collection, including waiver of the required 60-day comment notice period in order to facilitate expeditious implementation of the Paycheck Protection Program. The Agency has published several rules in the Federal Register that set forth the requirements described in each of the forms or other documents described above, and requested comments on such requirements.

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.

SBA Form 3508 requests certain demographic data from Principals of the Borrower. Submission of this information is purely voluntary; however, the Agency is collecting these data to better gauge the reach of the PPP, including, for example, whether members of certain groups, such as veterans and businesses whose Principals are women were recipients of PPP loans. Maximizing the reach of the PPP is in the spirit of the Sense of the Senate provision in Section 1102 of the CARES Act.

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

SBA Form 2483

The total estimated number of respondents for this form is based on the number of PPP applications submitted to date (4.3 million) plus an estimate of the number of applications (up to 2.2 million) that will be submitted in the future and prior to June 30, 2020. Each respondent submits one application. The estimated time is 8 minutes to complete for a total estimated burden of 866,667 hours. 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. Estimated annual cost burden = \$31, 200,012.

SBA Form 2484

There are approximately 7000 lenders making PPP loans. Each 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 6.5 million Forms 2484 annually. The SBA estimates these Lenders will take an average of 25 minutes to complete the form for total burden hours of 2,708,333. The annual estimated costs = \$101,562,500. This is based on an average cost of \$37.50 per hour for the average wage of a white-collar employee in a mid-level position with an annual rate of \$75,000.

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. The burden associated with the review of this agreement is estimated at 10 minutes for a total estimated burden of 167 hours. The estimated cost burden for these lenders is \$6,262.50. This is based on an average cost of \$37.50 per hour for the average wage of a white-collar employee in a mid-level position with an annual rate of \$75,000.

SBA Form 3507

For the purpose of the PPP loan program, a depository or non-depository financing provider may be eligible to participate in the PPP loan program. SBA estimates that approximately 500 depository or non-depository lenders and service providers will submit this form to apply to participate in the PPP loan program. Participants under this category will be required to review the form, gather the necessary information and submit an application. We estimate that for the 500 applicants it will take approximately 25 minutes to review, complete and submit the application to SBA for a total estimated hour burden of 208 hours. The annual cost to complete the form will be \$7,813 (500 * 25 minutes divided by 60 minutes) at an average wage of \$37.50 per hour.

SBA Form 3508

SBA assumes that all estimated 6.5 million borrowers will submit this application to request forgiveness for all or a portion of their PPP loan. The estimated time for each borrower to respond to this for is 180 minutes to review and complete the form for a total hour burden estimate of 19,500,000 hours. This estimate is based on a sample testing by 1 individual who is 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. Total estimated cost burden – \$702,000,000

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

There are no start-up, capital or other costs to respondents as a result of this information collection. The Lender must maintain loan documentation; however, SBA does not have enough information to reasonably determine the estimated cost to retain this information by the lender.

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. 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 \leq \$350,000;
- 3% for loans with an outstanding balance at disbursement \geq \$350,001 up to \$2,000,000.
- 1% for loans with an outstanding balance as disbursement \geq \$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
\leq 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 \leq 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.

SBA Form 3507

The SBA 3507 is a newly created form to assist in determining whether Non-Bank and Non-Insured Depository Institution Lenders, as well as certain service providers are eligible to participate in the Paycheck Protection Program. There will be an additional cost associated with the collection and the review of this information by SBA staff and/or contractors and the Department of Treasury under this program. As noted above, we estimate 500 requests to participate in the PPP for those lenders and service providers submitting Form 3507. Based on the analysis required for this type of lending segment we anticipated 60 minutes at a rate of \$36 per hour to assess the data for accuracy and completeness. This will result in an additional cost to the federal government of \$18,000.

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.

SBA Form 3508

The SBA 3508 is a newly created form for borrowers to apply for loan forgiveness in the Paycheck Protection Program. There will be an additional cost associated with the collection

and the review of this information by SBA staff and/or contractors under this program. SBA estimates approximately 300,000 reviews of borrowers submitting Form 3508. Based on the analysis required for this type of lending segment we anticipated 60 minutes at a rate of \$36 per hour to assess the data for accuracy and completeness. This will result in an additional cost to the federal government of \$10,800,000.

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.

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

The burden information has been revised to reflect actual activity in the PPP and to include estimated increases as a result of expected future activity.

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.