

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 is currently approved on an emergency basis for expeditious implementation of the Paycheck Protection Program (PPP) requirements. The collection currently consists of:

- SBA Form 2483 - *Paycheck Protection Program Borrower Application Form*
- SBA Form 2484 - *Paycheck Protection Program Lender's Application for 7(a) Guaranty*
- SBA Form 3506 - *CARES Act Section 1102 Lender Agreement*
- SBA Form 3507 - *CARES Act Section 1102 Lender Agreement - Non-Bank and Non-Insured Depository Institution Lender*
- SBA Form 3508 - *Paycheck Protection Program – Loan Forgiveness Application*
- *Lender Reporting Requirements for loan forgiveness requests and SBA loan reviews.*

As a result of recent changes to the PPP by the Paycheck Protection Program Flexibility Act (PPP Flexibility Act) (Pub. L. 116-142), SBA revised this information collection on June 11, 2020, to reflect those changes to SBA Forms 2483 and 2484. SBA revised this information collection on June 12, 2020 to make an additional change to SBA Forms 2483 and 2484 with respect to the question regarding felony charges of the applicant or a 20% or more owner of the equity of the applicant on both Form 2483 (question 6, p.1) and 2484 (second bullet in box H, pg. 2).

SBA is now amending SBA Forms 2483 and 2484 to further revise the questions related to whether the applicant or a 20% or more owner of the equity of the applicant is subject to any pending criminal charges or has a criminal history.

- SBA Form 2483 – Borrower Application Form:
 - Question 5 is being revised to limit the pending criminal charges to felony charges and to remove probation and parole. Thus, an applicant will be deemed ineligible if the applicant (if an individual) or a 20% or more owner of the equity of the applicant is presently incarcerated or subject to pending criminal charges for a felony. The eligibility of an applicant or 20% or more owner of the equity of the applicant that is currently on probation or parole is addressed in Question 6.
 - Question 6 is being revised with respect to any form of parole or probation (including probation before judgment). The applicant will be ineligible only if the applicant or an owner of 20% or more of the equity of the applicant has commenced any form of parole or probation (including probation before judgment) within the prior one year or five year period, depending on the type of felony involved.
- SBA Form 2484 – Lender Application for Guaranty: Section H is being revised to conform to the changes made to questions 5 and 6 on SBA Form 2483.

These changes are being made to ensure consistency with Congressional intent to provide relief to small businesses and to promote the important policies underlying the First Step Act of 2018 (Pub. L. 115-391).

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 the purposes described in the preceding sentence. Section 1106(b) also authorizes PPP participating lenders to request advance purchase of the expected loan forgiveness amount. 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, *Paycheck Protection Program Lender’s Application for 7(a) Guaranty*, collects information from Lenders concerning the eligibility and creditworthiness of the Applicant, and 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, and the Paycheck Protection Program interim final rules, frequently asked questions, and SBA notices;

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, collects information from depository or non-depository institutions and 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;

SBA Form 3508, Paycheck Protection Program – Loan Forgiveness Application and SBA Form 3508EZ, Paycheck Protection Program – PPP Loan Forgiveness Application Form EZ – Small businesses that received a PPP loan submit the appropriate version of this completed form or the lender’s equivalent forms to their PPP lender. The information is used to determine whether the application meets the criteria for loan forgiveness; and

[No Form Number] *Lender Reporting Requirements Concerning Requests for Forgiveness* - Lenders participating in the PPP are required to submit information to SBA to support the small business’ requests for forgiveness and the lenders’ decision to approve or deny that request. SBA will use the information to determine borrowers’ and lenders’ compliance with PPP requirements and the appropriate amount of loan forgiveness.

[No Form Number -- *Lender Reporting for Loan Reviews* – For a PPP loan of any size, SBA may undertake a review at any time in SBA’s discretion. Generally, for loan forgiveness reviews, SBA will select a sample of loans for review or may review a loan if information indicates that the borrower may be ineligible for the loan or ineligible for the loan amount or forgiveness amount claimed by the borrower. Generally, for other reviews, SBA may select a sample of loans or may review loans if the loan documentation submitted to SBA by the lender or any other information indicates that the borrower may be ineligible for a PPP loan. Lenders are required to submit the information described above for SBA to review the borrowers, loan amounts, and forgiveness application for eligibility.

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

SBA Forms 2483 and 2484 are 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 complete the form (or the lender’s equivalent 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 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 submit either of these forms as applicable to its circumstances to request approval to participate or determine eligibility for the PPP loan program via email to either DelegatedAuthority@sba.gov or NFRLApplicationForPPP@sba.gov.

SBA Form 3508 and SBA Form 3508EZ: Small business borrowers will submit the requested information directly to their lenders who will determine how the information is submitted.

Lender Reporting Requirements Concerning Requests for Forgiveness and Documents for Loan Reviews. Lenders will submit the requested documentation and other information by uploading them electronically to SBA.

4. Avoidance of duplication

There are no known sources of information that could be used for the PPP in lieu of the requested information. The data requested is unique to each lender, applicant or borrower, including principals, and to the circumstances of each particular PPP loan.

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, or forgiveness payments are remitted to lenders for ineligible amounts. Failure to collect the information could also impact SBA's ability to ensure its lending partners are complying with Loan Program Requirements applicable to the PPP.

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, with requests for comments, in the Federal Register that set forth the reporting and recordkeeping requirements described above. SBA will continue to review comments received to determine if additional changes to the information collection are warranted.

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

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, 200,000.

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 \$6,250. 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 250 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 250 applicants it will take approximately 25 minutes to review, complete and submit the application to SBA for a total estimated hour burden of 104 hours. The annual cost to complete the form will be \$3,906 at an average wage of \$37.50 per hour.

SBA Form 3508

SBA assumes that an estimated 1.625 million borrowers (or 25% of the total estimated number of 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 is 180 minutes to review and complete the form for a total hour burden estimate of 4,875,000 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 – \$175,500,000.

SBA Form 3508 EZ

SBA assumes that 4.875 million borrowers (or 75% of the total estimated number of borrowers) will submit this streamlined application to request forgiveness for all or a portion of their PPP loan. The estimated time for each borrower to respond is 20 minutes to review and complete the form for a total hour burden estimate of 1,625,500 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 – \$58,500,000.

Lender Reporting Requirements Concerning Requests for Forgiveness: The assumption is that all 6.5 million borrowers will submit a request for loan forgiveness (25% are estimated to use SBA Form 3508 and 75% are estimated to use SBA Form 3508 EZ). SBA estimates that it will take lenders about 30 minutes to review the SBA Form 3508 and supporting documentation provided by the borrower to prepare the rationale for the decision on the application, and upload the required documentation to SBA on each of the 1.625 million loans for a total of 812,500 hours, with an estimated cost burden of \$29,250,000.

SBA estimates that it will take lenders about 15 minutes to review the SBA Form 3508EZ, Checklist for Using SBA Form 3508EZ, and supporting documentation provided by the borrower to prepare the rationale for the decision on the application, and upload the required documentation to SBA on each of the 4.875 million loans for a total of 1,218,750 hours, with an estimated cost burden of \$43,875,000.

Lender Reporting for Loan Reviews: SBA estimates that about 200,000 out of the 6.5 million loans will be selected for a loan review at the time of forgiveness request. SBA also estimates that it will review approximately 825,000 loans outside of the forgiveness review process. SBA estimates that it will take lenders about 30 minutes to compile and obtain the requested information to be submitted to SBA, for a total of 512,500 hours, with an estimated cost of \$18,450,000.

Based on the information above, the total estimated annual hour and cost burdens for respondents are 12,619,021 hours and \$458,347,656.

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 PPP lenders must maintain loan documentation in their files; however, SBA does not have enough information to reasonably determine the lenders' estimated cost to retain this information.

14. Estimated annualized cost to the federal government

SBA Form 2483 and SBA Form 2484

All PPP loans are approved under delegated authority by the PPP participating lenders. As a result, only limited information, requiring minimal agency effort, is submitted to SBA at the application stage.

Form 3506

Approximately 1,000 lenders will submit this application. The estimated time to review each application is 60 minutes. At an hourly rate of \$36.00, the total estimated costs to the government for reviewing this application is \$36,000.

SBA Form 3507

There will be an additional cost associated with the collection and the review of this information by federal agency staff and/or contractors. As noted above, we estimate 250 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 \$9,000.

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).

SBA Form 3508, SBA Form 3508EZ, Lender Reporting Requirements Concerning Requests for Forgiveness, and Lender Reporting Requirements for Loan Reviews

There will be an additional cost associated with the collection and the review of this information by SBA staff and/or contractors in connection with loan forgiveness approvals and denials, and loan reviews. SBA will be conducting an initial review of all estimated 6.5 million forgiveness requests using an Artificial Intelligence (AI) tool. The estimated cost for the AI tool review is \$5,000,000. SBA will also be conducting full loan reviews on a sample of the 6.5 million forgiveness requests, and estimates approximately 200,000 loans will be sampled and reviewed at forgiveness. SBA also estimates that it will review approximately 825,000 loans outside of the forgiveness process. Based on the analysis required for this type of lending segment we anticipated 120 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 \$73,800,000. Costs to the federal government are \$5,000,00 for the AI tool plus \$73,800,000 for the reviews, for a total of \$78,800,000.

Estimated cost for loan reviews 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).

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

The burdens previously reported have been revised as a result of changes to the forgiveness application, as described above.

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.