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 that was granted to enable expeditious implementation of the Paycheck Protection Program (PPP) requirements. The emergency approval expires on October 31, 2020. SBA has published the required Federal Register notice to solicit public comment and inform the public of the Agency’s intent to submit the information collection to OMB for continued approval. SBA intends to publish the 30-day comment notice and submit this information collection to OMB for review under the standard processing procedures. However, before that process can be completed, there is a critical need to collect additional information from PPP borrowers. Accordingly, SBA is requesting approval of the revisions (described below) to this information collection.

Currently Approved

* SBA Form 2483 - *Paycheck Protection Program Borrower Application Form*
* SBAForm 2484 - *Paycheck Protection Program Lender’s Application for 7(a) Guaranty*
* SBA Form 3506 - C*ARES 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*
* SBA Form 3508EZ – *Paycheck Protection Program – PPP Loan Forgiveness Application Form 3508EZ*
* *[Form Number N/A] Lender Reporting Requirements Concerning Requests for Loan Forgiveness*
* *[Form Number N/A] Lender Reporting Requirements for SBA Loan Reviews*

Proposed Revision

SBA has developed another alternative loan forgiveness application, SBA Form 3508S, *Paycheck Protection Program – PPP Loan Forgiveness Application Form 3508S*. SBA Form 3508S is for use by PPP borrowers applying for loan forgiveness on PPP loans with a total loan amount of $50,000 or less, except for those borrowers that together with their affiliates received loans totaling $2 million or greater. SBA Form 3508S simplifies the forgiveness process by requiring fewer calculations and less documentation for eligible borrowers. Borrowers that use the SBA Form 3508S are exempt from reductions in loan forgiveness amounts based on reductions in full-time equivalent employees or in salaries or wages. SBA Form 3508S also does not require borrowers to show the calculations used to determine their loan forgiveness amount. However, SBA may request information and documents to review those calculations as part of its loan review process.

Borrowers have already begun applying for loan forgiveness and SBA has already started to receive loan forgiveness decisions from Lenders; therefore, it would be beneficial to allow borrowers to use this new streamlined forgiveness application now rather than after SBA submits the request for extension of the information collection to OMB.

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, 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, including insurance premiums, retirement benefits, paid vacation, sick, medical or family leave, state and local taxes assessed on employee compensation, and allowance for separation or dismissal, rent payments, mortgage interest payments, utility payment, interest 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 payroll and non-payroll costs. The applicable statutory provisions are attached.

1. ***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 from the Applicant’s owners of 20% or more, the loan purpose, any history of prior defaulted 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 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, SBA notices, and other applicable guidance.

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* , SBA Form 3508EZ, *Paycheck Protection Program – PPP Loan Forgiveness Application Form EZ, and* SBA Form 3508S, *Paycheck Protection Program -PPP Forgiveness Application Form 3508S* – 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.

[No Form Number] *Lender Reporting Requirements Concerning Requests for Loan Forgiveness -* Lenders participating in the PPP are required to submit information to SBA to support the small business’ requests for forgiveness and the lenders’ decisions to approve or deny those requests. 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 Requirements for Loan Reviews –* For a PPP loan of any size, SBA may undertake a review at any time in SBA’s discretion.SBA will be conducting an initial review of all estimated 5.2 million loans using an automated review tool. After that initial review, 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. Additionally, SBA will be reviewing all loans of $2 million or greater. When a loan is selected for review by SBA, Lenders are required to submit information that will allow SBA to determine whether the loan meets PPP requirements, including borrower eligibility, loan amounts, and eligibility for forgiveness. Some of the requested information (e.g., loan application, forgiveness application and forgiveness supporting documents) will be provided by the borrowers to the Lenders.

***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, SBA Form 3508EZ, and SBA Form 3508S: 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: Lenders will submit the requested documentation and other information by uploading them electronically to SBA via the PPP Forgiveness Platform (forgiveness.sba.gov).

Lender Reporting Requirements for Loan Reviews: Lenders will submit the requested documentation and other information by uploading them electronically to SBA via the PPP Forgiveness Platform (forgiveness.sba.gov).

***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.

1. ***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. The fact that the information is submitted electronically and not in paper form, also helps to mitigate any burden on borrowers and lenders.

1. ***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 borrowers or 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.

1. ***Existence of special circumstances.***

None of the circumstances are applicable.

1. ***Solicitation of public comment.***

SBA received emergency approval of this information collection, including waiver of the required 60-day comment notice period 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. This information collection has been revised on several occasions since initial approval; where applicable, the revisions reflect feedback received to date. SBA has also published the previously waived 60-day public comment notice and will address any comments received in response to that notice when the information collection is submitted to OMB for standard processing.

1. ***Payment or gift to respondents.***

No gifts or payments are provided to any respondents.

1. ***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.

1. ***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.

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

The estimated annual burdens based on the information below is as follows:

Total number of Respondents: 6,505,460

Total number of Responses: 24,087,282

Total Hours: 10,258,824

Total Hour Cost for Respondents: $376,034,474

Total Cost for Federal Government: $129,322,328

SBA Form 2483

The total estimated number of respondents for this form is 6.5 million based on the estimated number of PPP applications submitted through August 8, 2020. Each respondent submits one application. Estimated time to complete Form 2483 is 8 minutes, yielding 866,667 total annual burden hours. The estimated annual cost burden is $31,200,000.

Estimated costs are 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.

These estimates are based on a sample testing by 1 or more individuals who were not familiar with the form.

SBA Form 2484

There are approximately 5,460 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 5.2 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 2,171,720. The annual estimated costs = $81,439,500. 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. As of August 8, 2020, 751 eligible lenders submitted 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 125 hours. The estimated cost burden for these lenders is $4,694. 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 non-insured depository or non-depository financing provider may be eligible to participate in the PPP loan program. As of August 8, 2020, 147 non-insured depository or non-depository lenders and service providers submitted this form to apply to participate in the PPP loan program. Participants under this category were required to review the form, gather the necessary information and submit an application. We estimate that for the 147 applicants it took approximately 25 minutes to review, complete and submit the application to SBA for a total estimated hour burden of 61 hours. The annual cost to complete the form will be $2,297 at an average wage of $37.50 per hour.

SBA Form 3508

SBA assumes that an estimated 1.303 million borrowers (or 25% of the total 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 3,909,096 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 – $140,727,456.

SBA Form 3508S

SBA assumes that 3.574 million borrowers with loans of $50,000 and less (except for those borrowers that together with their affiliates received loans totaling $2 million or greater) will use this Form 3508S to apply for forgiveness for all or a portion of their PPP loan. SBA estimates that borrowers will require 15 minutes to review and complete this form, for a total hour burden of 893,500 hours.

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 is $32,166,000.

SBA Form 3508 EZ

SBA assumes that the remaining 335,096 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 111,699 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 is $4,021,152.

Lender Reporting Requirements Concerning Requests for Forgiveness

The assumption is that all 5.2 million borrowers will submit a request for loan forgiveness (25% are estimated to use SBA Form 3508, approximately 69% are estimated to use SBA Form 3508S, and the remaining 6% are estimated to use the 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 1.303 million loans for a total of 651,516 hours, with an estimated cost burden of $24,431,850.

SBA estimates that it will take lenders about 10 minutes to review the SBA Form 3508S, and supporting documentation, and to upload the required documentation to SBA for each of the 3.574 million borrowers. Total burden hours are 595,667 and total costs are $22,337,500.

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 remaining 335,096 loans for a total of 83,774 hours, with an estimated cost burden of $3,141,525.

The total cost of Lender Reporting Requirements concerning requests for forgiveness is $49,910,875. These cost estimates are made 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.

Lender Reporting Requirements for Loan Reviews

SBA estimates that approximately 250,000 of the 5.2 million loans will be selected for a loan review. 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 125,000 hours. 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, these costs are $4,687,500.

SBA also estimates that it will review 1.7 million loans with residual balances remaining after forgiveness and those for which no forgiveness application was submitted, as part of lender oversight reviews. SBA estimates that it will take lenders 30 minutes to obtain and compile requested information to be submitted to SBA, yielding 850,000 burden hours. 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, these costs are $31,875,000.

Based on the information above, the total estimated annual hour and cost burdens for respondents are 10,258,824 hours and $376,034,474.

1. ***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.

1. ***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. Lenders must submit limited information electronically to SBA and, if eligible, SBA’s ETRAN system generates a loan number without prior review of the application information by SBA.

SBA Form 3506

As of August 8, 2020, 751 Lenders submitted 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 $27,036.

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 3507

There will be an additional cost associated with the collection and the review of this information by federal agency staff and/or contractors. SBA received 147 requests to participate in the PPP from 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 $5,292.

SBA Form 3508, SBA Form 3508S, 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 5.2 million loans using an automated review tool. The estimated cost for the automated review tool review is $5,000,000.

SBA will be conducting loan reviews on a sample of PPP loans of less than $2 million, all loans of $2 million or greater, loans where information indicates that the borrower may be ineligible for the loan, the loan amount or loan forgiveness, and in SBA’s discretion, certain other loans. SBA estimates approximately 250,000 loans will be reviewed. Based on the analysis required for this type of lending segment we anticipate 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 $18,000,000.

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).

SBA will also review loans with residual balances and those for which no forgiveness application was submitted as part of lender oversight reviews. SBA will use contractor resources to review an estimated 1.7 million loans. The cost of contractor support for reviewing these 1.7 million loans is $13,500,000, however some costs may be recoverable from lenders.

Additionally, the cost to the federal government to collect information through the PPP Forgiveness Platform (forgiveness.sba.gov) is $92,790,000.

Total estimated annualized cost to the Federal Government is $129,322,328.

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

The burdens previously reported have been revised because of the new information collections added by this revision and changes in the estimates of the numbers of loan reviews.

***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.