

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

SBA is requesting emergency approval of revisions to the Paycheck Protection Program (PPP) information collection. The revisions, described below, are necessary to implement recent amendments to the Paycheck Protection Program by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act).

A. Justification

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 (March 27, 2020), authorized the Small Business Administration to guarantee loans made by banks or other financial institutions under a new program under Section 7(a)(36) of the Small Business Act titled the “Paycheck Protection Program” (PPP) 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. SBA’s authority to guarantee PPP loans expired on August 8, 2020.¹ On December 27, 2020, SBA received reauthorization under the Economic Aid Act to resume guaranteeing PPP loans through March 31, 2021. This act amended the PPP to expand the categories of eligible loan applicants and eligible uses of loan proceeds, and also to streamline forgiveness for loans of \$150,000 and under. In addition, the act created a new program under Section 7(a)(37) of the Small Business Act – the “Paycheck Protection Program Second Draw Loans” (Second Draw Program).

SBA is requesting approval to implement the eligibility-related and other program amendments described below. Further amendments related to PPP loan forgiveness will follow. Certain of the forms currently approved for the PPP will be used by participants in the Second Draw Program as well; however, a separate information collection for new forms specific to the Second Draw Program will be submitted to the Office of Management and Budget (OMB) for approval in conjunction with the rule implementing the Second Draw Program.

Summary of Changes

SBA Form 2483, PPP Borrower Application Form, has been revised to:

- o add housing cooperatives, section 501(c)(6) organizations, destination marketing organizations, and certain news organizations to the categories of eligible entities;
- o collect the NAICS code of the applicant;
- o collect size standard information;
- o add additional eligible uses of proceeds;

¹ Authority to provide other benefits under the program, such as loan forgiveness were not impacted by this date and continue to be available to PPP borrowers.

- o add or revise the certifications to incorporate these changes and other Economic Aid Act changes; and
- o revise some questions for clarity.

SBA Form 2484, PPP Lender Application Form, has been revised to conform to the changes made to SBA Form 2483.

SBA Forms 3506, CARES Act Section 1102 Lender Agreement and 3507, CARES Act Section 1102 Lender Agreement – Non-Bank and Non-Insured Depository Institution Lenders were revised to:

- o extend the term through March 31, 2021;
- o modify the statutory references in the forms to include Section 7(a)(37) and Section 7A of the Small Business Act, as added by the Economic Aid Act; and
- o revise the calculation of the interest rate to conform to the Economic Aid Act.

SBA Form 3507 was also revised to conform the threshold for originating, maintaining, and servicing loans or receivables by a non-bank or non-insured depository institution lender to regulatory changes to the Paycheck Protection Program made in the interim final rule published at 85 FR 26324, 26325 (May 4, 2020).

Except for adjustments to the hour and costs burdens described in item 12 below, no additional changes are being made to this information collection at this time.

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

The information collection consists of the following:

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, *Lender's Application - Paycheck Protection Program Loan 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*. A borrower that received a PPP loan submits the appropriate version of this completed form or the lender’s equivalent form to its 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 Review*. 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 loans using an automated review tool. After that initial review, SBA will select a sample of loans for review and will also review loans identified as having indicia of circumvention of eligibility requirements and/or attributes that may be indicative of noncompliance with eligibility requirements, fraud or abuse. 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.

SBA Form 3509, *Loan Necessity Questionnaire (For-Profit Borrowers)*. All for-profit borrowers that, together with their affiliates, received PPP loans with an original principal amount of \$2 million or greater will be asked to submit additional information as part of the SBA loan review. The information will be used to inform SBA’s review of the borrowers’ good-faith certifications that economic uncertainty made the PPP loan requests necessary to support their ongoing operations. SBA may request additional information from the lender or the borrower, if necessary, to complete the review. Such information may include a narrative response to SBA explaining the circumstances that provided the basis for the borrower’s good-faith loan necessity certification.

SBA Form 3510, *Loan Necessity Questionnaire (Non-Profit Borrowers)*. All non-profit borrowers that, together with their affiliates, received PPP loans with an original principal amount of \$2 million or greater will be asked to submit additional information as part of the SBA loan review. The information will be used to inform SBA's review of the borrowers' good-faith certifications that economic uncertainty made the PPP loan requests necessary to support their ongoing operations. SBA may request additional information from the lender or the borrower, if necessary, to complete the review. Such information may include a narrative response to SBA explaining the circumstances that provided the basis for the borrower's good-faith loan necessity certification.

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

SBA Forms 2483 and 2484 are available on the SBA website as PDFs 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 NFRApplicationForPPP@sba.gov.

SBA Form 3508, SBA Form 3508EZ, and SBA Form 3508S: PPP 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).

SBA Form 3509: When SBA notifies the lender of a loan review, SBA will request that the lender obtain a completed questionnaire from the borrower. Borrowers will submit the requested information directly to their lenders who will determine how the information is submitted. After receiving the forms and supporting documentation from the borrowers, lenders will submit the forms and supporting documentation by uploading them electronically to SBA via the PPP Forgiveness Platform (forgiveness.sba.gov). Lenders will also be required to input the

information provided by the borrowers on the form into the PPP Forgiveness Platform via web form.

SBA Form 3510: When SBA notifies the lender of a loan review, SBA will request that the lender obtain a completed questionnaire from the borrower. Borrowers will submit the requested information directly to their lenders who will determine how the information is submitted. After receiving the form and supporting documentation from the borrowers, lenders will submit the forms and supporting documentation by uploading them electronically to SBA via the PPP Forgiveness Platform (forgiveness.sba.gov). Lenders will also be required to input the information provided by the borrowers on the form into the PPP Forgiveness Platform via web form.

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 and other small entities. However, the information collected is designed to lessen the burden 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.

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 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.

7. Existence of special circumstances.

None of the circumstances are applicable.

8. Solicitation of public comment.

In order to quickly implement the amendments to the PPP by the Economic Aid Act, SBA is requesting emergency approval of the revisions to this information collection pursuant to 5 CFR 1320.13; this request includes waiver of the required 60-day and 30-day public comment notices. SBA will follow the standard procedures required by the Paperwork Reduction Act, including publication of the notices before the emergency approval expires.

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. Additionally, borrowers completing SBA Form 3509, *Loan Necessity Questionnaire (For-Profit Borrowers)* and SBA Form 3510, *Loan Necessity Questionnaire (Non-Profit Borrowers)*, are instructed to state whether or not the answers and information provided are customarily kept confidential. SBA will use responses provided by the borrowers to assist in maintaining confidentiality, including applicable “Freedom of Information Act” exemptions.

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.

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

Total number of Respondents: 5,855,880
Total number of Responses: 24,529,702
Total Hours: 7,609,879
Total Hour Cost for Respondents: \$280,659,220
Total Cost for Federal Government: \$159,784,088

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SBA Form 2483

The total estimated number of respondents for this form is 5.85 million based on the estimated number of PPP applications submitted through August 8, 2020, plus an additional 350,000 applicants that SBA projects might apply to the PPP once lending resumes. Each respondent submits one application. Estimated time to complete Form 2483 is 8 minutes, yielding 780,000 total annual burden hours. The estimated annual cost burden is \$28,080,000.

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, and additional lenders may be approved to participate going forward. Each approved 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 5.562 million Forms 2484. The SBA estimates these lenders will take an average of 25 minutes to complete the form for total burden hours of 2,317,553. The annual estimated costs equal \$86,908,250. 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 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. SBA estimates an additional 350 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 184 hours. The estimated cost burden for these lenders is \$6,881. 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. SBA estimates an additional 70 lenders will submit this form to apply to participate. We estimate that for the 217 applicants it will take approximately 25 minutes to review, complete and submit the application to SBA for a total estimated hour burden of 90 hours. The annual cost to complete the form will be \$3,391 at an average wage of \$37.50 per hour.

SBA Form 3508

SBA assumes that an estimated 278,106 borrowers, approximately 5% 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 834,319 hours. This estimate is based on sample testing by individuals who are 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 \$30,035,491.

SBA Form 3508S

SBA assumes that 3.574 million borrowers, or approximately 64.3% of 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 approximately 30.7% of borrowers, or 1.71 million 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 570,007 hours. This estimate is based on a sample testing by individuals 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 \$20,520,259.

Lender Reporting Requirements Concerning Requests for Forgiveness

The assumption is that all 5.562 million estimated borrowers will submit a request for loan forgiveness (5% are estimated to use SBA Form 3508, approximately 64.3% are estimated to use SBA Form 3508S, and the remaining 30.7% 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 278,106 loans for a total of 139,053 hours, with an estimated cost burden of \$5,214,495.

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 for the 1.71 million loans submitted on the 3508EZ, for a total of 427,505 hours, with an estimated cost burden of \$16,031,453.

The total cost of Lender Reporting Requirements concerning requests for forgiveness is \$43,583,448. 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. The hourly rate is approximately equivalent to a GS-11, Step 5 on the General Schedule.

Lender Reporting Requirements for Loan Reviews

SBA estimates that approximately 250,000 loans will be selected for loan review prior to forgiveness, based on borrowers' submission of Form 3508, Form 3508EZ, or Form 3508S. 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, out of the current population of loans, 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.

SBA Form 3509

Information will be collected for all loans of \$2 million or greater to for-profit borrowers. SBA estimates that approximately 5,000 lenders will submit this information from about 26,000 borrowers. Information will also be collected for all affiliated for-profit borrowers, whose loans amount to \$2 million or greater when aggregated. SBA estimates approximately 11,000 affiliated for-profit borrowers whose loans amount to \$2 million or greater when aggregated will complete the questionnaire. The estimated time for each borrower to compile the data and complete the questionnaire is 1.5 hours; 37,000 questionnaires at 1.5 hours per questionnaire yields 55,500 total 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. Based on an average wage of \$36.00 per hour, total estimated costs for compiling and completing the questionnaire are \$1,998,000.

The SBA Form 3509 will be reviewed for completeness and submitted to SBA by the lender. SBA estimates 20 minutes to review for completeness and submission of this document, for a total of 12,333 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, the total estimated costs for responding lenders are \$462,500.

The total estimated costs associated with SBA Form 3509 for borrowers and lenders are \$2,460,500.

SBA Form 3510

Information will be collected for all loans of \$2 million or greater to non-profit borrowers. SBA estimates that lenders will submit this information from approximately 4,000 borrowers. Information will also be collected for all affiliated non-profit borrowers, whose loans amount to \$2 million or greater when aggregated. SBA estimates approximately 1,000 affiliated non-profit borrowers whose loans amount to \$2 million or greater when aggregated will complete the questionnaire. The estimated time for each borrower to compile the data and complete the questionnaire is 1.5 hours; yielding 7,500 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. Based on an average wage of \$36.00 per hour, total estimated costs for compiling and completing the SBA Form 3510 are \$270,000.

The SBA Form 3510 will be reviewed for completeness and submitted to SBA by the lender. SBA estimates 20 minutes to review for completeness and submission of this document, for a total of 1,667 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, the total estimated costs for responding lenders are \$62,500.

The total estimated costs associated with SBA Form 3510 for non-profit borrowers and lenders are \$332,500.

Based on the information above, the total estimated annual hour and cost burdens for respondents are 7,609,879 hours and \$280,659,220.

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. 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. Contractor support for the collection and processing of additional PPP applications will be \$5,712,000.

SBA Form 3506

As of August 8, 2020, 751 lenders submitted this application. SBA estimates an additional 350 lenders will submit this form to apply to participate. 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 \$39,636.

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. SBA estimates an additional 70 lenders will submit this form to apply to participate. 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 \$7,812.

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 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 out of the current population of 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 remaining after forgiveness 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 out of the current population of loans. The cost of contractor support for reviewing these 1.7 million loans is \$13,500,000, however certain lender oversight review 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.

SBA Form 3509

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 reviews of loans of \$2 million or greater and loans to affiliates aggregating \$2 million or greater. SBA estimates approximately 26,000 questionnaires from for-profit borrowers and 11,000 questionnaires from affiliated for-profit borrowers will be submitted and reviewed by contractors and SBA staff. Cost of this contractor review of the SBA Form 3509 is \$20,458,040.

SBA estimates time for SBA staff to review SBA Form 3509 to be 1 hour, for a total of 37,000 hours. Based on an hourly rate of \$36, total cost of SBA staff review of the SBA Form 3509 will be \$1,332,000

SBA Form 3510

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 reviews of loans of \$2 million or greater and loans to affiliates aggregating \$2 million or greater. SBA estimates approximately 4,000 questionnaires from non-profit borrowers and 1,000 questionnaires from affiliated non-profit borrowers will be submitted and reviewed by contractors and SBA staff. Cost of contractor review of the SBA Form 3510 is \$2,764,600.

SBA estimates time for SBA staff to review SBA Form 3510 to be 1 hour, for a total of 5,000 hours. Based on an hourly rate of \$36, total cost of SBA staff review of the SBA Form 3510 will be \$180,000.

Total estimated annualized cost to the Federal Government is \$159,784,088.

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

The total burden hours have increased. This has occurred because SBA is reopening the PPP program for new borrowers as authorized under the Economic Aid Act and will be accepting requests from new lenders for participation in the PPP program, including the Second Draw Program.

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.