

//Paperwork Reduction Act Submission
Personal Financial Statement
(OMB Control #3245-0188)

SBA Form 413 Personal Financial Statement (PFS) collects information regarding the assets and liabilities of certain owners, officers and guarantors of the small business applicant benefiting from SBA financial assistance programs and is used when analyzing the applicant's repayment abilities or creditworthiness. SBA's Surety Bond Guaranty Program uses the information collected on SBA Form 413 during the claim recovery process. SBA Form 413 is also used to collect information from applicants and participants in SBA's 8(a)/BD and Women-Owned Small Business (WOSB) Programs certification processes to determine whether they meet the economic disadvantage requirements of the program.

Summary of Revisions:

SBA currently has four versions of SBA Form 413. The Agency consolidated into one single use form which will be used across the various program offices. The single version of the SBA Form 413 incorporates the instructions to ensure the public can clearly identify specific requirements based on the respective program office.

A. Justification

1. Circumstances necessitating the collection of information.

Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

The Small Business Administration ("SBA") requires this information collection for the administration of financial and contracting assistance programs. For financial assistance programs authorized by Sec. 7(a) of the Small Business Act, 15 U.S.C. § 636 et seq., and Title V of the Small Business Investment Act of 1958, 15 U.S.C. § 695, et seq., SBA regulations require any loan guarantor and individual owners of the small business applicant to submit a personal financial statement to disclose their assets and liabilities. See, 13 CFR § 120.150. For disaster business loans, SBA generally requires a personal financial statement from each applicant, each limited partner who owns 20 percent or more interest, each general partner, each stockholder owning 20 percent or more voting stock, and certain guarantors. See, Standard Operating Procedure 50 30 9. SBA's Standard Operating Procedure 50 45 3, chapter 7, section 3(f) imposes a similar requirement on applicants in the Surety Bond Guarantee (SBG) program. With respect to SBA's contracting assistance programs, SBA regulations at 13 CFR §§ 124.104, 124.112, and 124.1002; and 13 CFR § 127.203 require, among other things, that applicants and participants submit financial information as part of the application for SBA's contracting assistance programs.

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

Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

For the financial assistance programs, the SBA, its participating lenders, CDCs, and Sureties use the information collected by SBA Form 413 as part of the analysis to determine repayment ability and creditworthiness of applicants and their owners for an SBA loan guaranty or a disaster loan, or with respect to the SBG program to assist in recovery in the event that the contractor defaults on the contract. SBA (or the lender, CDC, or Surety) reviews the information at the time of application and maintains it in the file for use in loan servicing or auditing a loan or bond application, if necessary.

With respect to SBA's contracting assistance programs, SBA uses the information for the 8(a)/BD Program and the WOSB Program to determine if the applicant or participant meets the economic disadvantage eligibility requirements. Participants in these programs are required to submit updated information annually to help SBA confirm that the participant continues to meet the economic disadvantage requirements of those programs.

3. Technological collection techniques.

Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce the burden.

SBA Form 413 is available in an electronic format at www.sba.gov, and is pdf-fillable for 7(a), 504, SBG, and Disaster Programs. The completed form will be submitted to the loan processing center electronically together with other supporting document for each loan application.

For the 8(a) Program is integrated into online portal, mainly in electronic format, and must be submitted through certify.sba.gov.

Lastly, the information required on the SBA Form 413 for the WOSB Program is integrated into online portal, beta.certify.sba.gov; therefore, only the electronic submission is required.

4. Avoidance of duplication.

Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in item 2 above.

Personal financial statements are time sensitive and it is unusual to utilize the same statement for more than one application for each program. The 7(a), 504, disaster and SBG programs require the information at the time of application and possibly in connection with a servicing action or to assist in recovery. Some respondents, particularly in the 8(a) BD Program are

required to submit updated SBA Form 413 annually but as stated above, annual updates are necessary to ensure continued economic disadvantage status. The WOSB Program require respondents to submit updated SBA Form 413 every three years. Any previously submitted data would be outdated and not provide an accurate picture of current financial condition of the applicant and/or Program participants.

5. Impact on small businesses or other small entities.

If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.

The information collected would generally be required by most lending institutions. To minimize the burden on small businesses for 7(a) loans, 504 loans, and surety program purposes, SBA accepts personal financial statements in other formats that might have been prepared for the lending institutions or surety companies, provided that the statement submitted contains the same data collected by SBA Form 413. Alternate formats generally accepted by SBA include the Office of Thrift Supervision (OTS), Federal Deposit Insurance Corporation (FDIC) or Federal Reserve member bank forms, Lender's equivalent form and accountant prepared statements. Similarly, disaster loan applicants may submit the information using alternative formats, provided that the same data required by SBA Form 413 is submitted. We note that for purposes of the 8(a) BD Program and the WOSB Programs, the applicants or participants must use the electronic submission for data contained on the SBA Form 413 and submitted through certify.sba.gov and beta.certify.sba.gov, respectively.

6. Consequences if collection of information is not conducted.

Describe the consequence to the Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

For the financial assistance programs, failure to collect this information could impact the assessment of the applicant's eligibility and creditworthiness for the SBA loan and surety programs. For the 8(a) BD and WOSB programs, failure to collect this information would prevent SBA from complying with its statutory mandate to ensure assistance is granted only to firms owned and controlled by economically disadvantaged individuals.

7. Existence of special circumstances.

Explain any special circumstances that would cause an information collection to be conducted in a manner, etc.

There are no special circumstances.

8. Solicitation of public comments.

If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping,

disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

The notice soliciting comments on this information collection was published on December 1, 2020, at [85 FR 77334](#). SBA received no comments on the collection.

9. Payment or gifts.

Explain any decision to provide any payment or gift to respondents, other than re-enumeration of contractors or grantees.

There are no payments or gifts to respondents.

10. Assurance of confidentiality.

Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

The information collected on SBA Form 413 is confidential and is protected by the Privacy Act of 1974, and further protected from disclosure under Exemption 4 of the Freedom of Information Act, 5 U.S.C. 552, which prohibits disclosure of confidential or privileged commercial or financial information. The form includes notices to the respondents regarding the use and disclosure of information submitted to SBA on this form.

11. Questions or a sensitive nature.

Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

SBA Form 413 collects the social security number of the respondents. For the financial assistance programs, the social security number is helpful in distinguishing the applicant/participant from other individuals that may have the same or similar name or other personal identifiers. Information collected on SBA Form 413 is maintained in the Agency's Privacy Act System of Records: SBA 20 -- Disaster Loan Case File; SBA 21-- Loan System; and SBA 30 -- Servicing and Contracts System/Minority Enterprise Development Headquarters Repository and SBA 26 – Power of Attorney Files. SBA has also promulgated regulations at 13 CFR Part 102 that specify standards for the use and collection of social security numbers and other sensitive information and compliance with the Privacy Act and the Freedom of Information Act.

12. Estimates of hourly burden of the collection of information.

Provide estimates of the hour burden of the collection of information. Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated.

Estimate of the hour burden of the collection of information for the respondents:

The 7(a)/504 programs have approximately 60,576 total applicants per year. This number is based on a 4-year average of SBA annual lending activity for 7(a) and 504 loan programs. Since each 20 percent or more owner of the small business applicant must complete this information, SBA is estimating an average of 3 completed forms per 7(a) and 504 application.

In the SBG program, each principal is required to complete this information, an average of two completed forms per SBG application with a total of 10,577 applications. This is based on a 4-year average period, and this information was collected from CAFS System Production for SBG program.

The disaster program has received 13,786 applications on a 4-year average with two completed forms per application for a total of 27,573 responses. This information was collected through disaster loan system (DCMS).

8(a) BD and WOSB shares the same portal, certify.sba.gov, for their data collection. 8(a) BD confirmed that they received 7,669 of estimated respondents based on the previous year (Fiscal Year 2020), and WOSB received 3,128 respondents on a 4-year average.

7(a)/504/SBG:

162,744	7(a) respondents per year (54,248 applications x 3 per application)
+ 18,984	504 respondents per year (6,328 applications x 3 per application)
+ <u>21,154</u>	SBG respondents per year (10,577 applications x 2 per application)
202,882	Total 7(a)/504/SBG respondents
<u>x 1.5</u>	Hours per response for respondents to complete form
304,323	Total burden hours for all respondents

Disaster:

27,573	Respondents per year (based on 4-year average)
<u>x 1.5</u>	Hours per response for respondents to complete form
41,360	Total burden hours for all respondents (27,573x 1.5 hours =41,360)

8(a) BD:

7,524	Respondents per year in certify.sba.gov
<u>x 1.5</u>	Hours per response for respondents to complete form
11,286	Total burden hours for all respondents (7,524 x 1.5 hours = 11,286)

WOSB:

3,066	Women-Owned Small Business (WOSB) firms in certify.sba.gov
<u>x 1.5</u>	Hours per response for respondents to complete form
4,599	Total (3,066 x 1.5 hours = 4,599)
62	Total number of respondents for eligibility examinations, protests and appeals
<u>x 1.5</u>	Hours per response for respondents to complete form
93	Total burden hours for respondents (62 x 1.5 hours = 93)

4,692 Total burden hours for EDWOSB respondents

Total combined burden hours for Respondents: 304,302+ 41,360+ 11,286 + 4,692 = 361,640

The estimated cost to respondents for the hour burden of information collection is calculated at a salary equivalent to a GS-11, Step 1 Federal employee's annual salary of \$55,756 or \$27/hour (rounded to the nearest whole number) based on the 2021 General Schedule (Base). The GS-11 pay grade is utilized in preparing this estimate as it is equivalent to the position normally held by an average financial institution employee in a mid-level position.

7(a)/504/SBG:

304,302	Total burden hours for all 7(a)/504/SBG respondents
<u>x \$27.00</u>	Estimated cost per hour
\$8,216,154	Total estimated cost to respondents

Disaster:

41,360	Total burden hours for all Disaster respondents
<u>x \$27.00</u>	Estimated cost per hour
\$1,116,720	Total estimated cost to respondents

8(a) BD:

11,286	Total burden hours for all 8(a) respondents
<u>x \$27.00</u>	Estimated cost per hour
\$304,722	Total estimated cost to respondents

WOSB:

4,692	Total burden hours for all WOSB respondents
<u>x \$27.00</u>	Estimated cost per hour
\$126,684	Total estimated cost to respondents

Total combined cost to respondents for burden hours: \$8,216,154+ \$1,116,720 + \$304,722 + \$126,684 = \$9,764,280

13. Estimate of total annual cost burden for submission.

Provide an estimate for the total annual cost burden to respondents or recordkeepers resulting from the collection of information.

There is no capital or start-up costs to the respondents for this collection of information.

14. Estimated annualized costs to the Federal government.

Provide estimates of annualized costs to the Federal Government. Also provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information.

Estimate of the burden hours of the collection of information for the Agency:

7(a)/504/SBG:	
24,412	7(a) respondents per year*
+18,984	504 respondents per year
+ <u>21,154</u>	SBG respondents per year
64,550	Total 7(a)/504/SBG respondents
<u>x 0.5</u>	Hour per response for the Agency to review the form
32,275	Total burden hours for the Agency

*SBA estimates that 85% of total 7(a) loan applications are processed by the Lenders using their delegated authority and therefore, only 15% of 7(a) responses (24,412) are reviewed by SBA.

Disaster:	
27,573	Respondents per year (based on 4-year avg.)
<u>x 0.5</u>	Hours per response for the Agency to review the form
13,787	Total burden hours for the Agency

8(a) BD:	
7,524	Respondents per year
<u>x 0.5</u>	Hours per response for the Agency to review the form
3,762	Total burden hours for the Agency

WOSB:	
125	Respondents per year includes eligibility examinations, protests, and appeals
<u>x 0.5</u>	Hours per response for Agency to review the form
63	Total burden hours for the Agency

Total combined burden hours for Agency: 32,275 + 13,787 + 3,762 + 63 = 49,887

Estimate of the annualized cost to the Agency for the hour burden:

7(a)/504/SBG:	
\$27.00	Cost per hour (Generally reviewed by a GS-11, Step 1, no adjustment for locality)
x 0.5	Hours per response for Agency to review the form
<u>x 64,550</u>	Respondents per year
\$871,425	Total annualized cost to the Agency for the burden hours.

Disaster:	
\$27.00	Cost per hour (Generally reviewed by a GS-11, Step 1, no adjustment for locality)
x 0.5	Hours per response for Agency to review the form
<u>x 27,573</u>	Respondents per year
\$372,236	Total annualized cost to the Agency for the burden hours.

8(a) BD:

\$32.00	Cost per hour (Generally reviewed by a GS-12, Step 1, no adjustment for locality)
x 0.5	Hours per response for Agency to review the form
<u>x 7,524</u>	Respondents per year
\$120,384	Total annualized cost to the Agency for the burden hours.

WOSB:

\$38.00	Cost per hour (Generally reviewed by a GS-13, Step 1, no adjustment for locality)
x 0.5	Hours per response for Agency to review the form
<u>x 125</u>	Respondents per year
\$2,375	Total annualized cost to respondents for the burden hours.

Total combined cost for the Agency: \$871,425 + \$372,236+ \$120,384 + \$2,375 = \$1,366,420

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

Explain reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.

The decrease in the hour burden for respondents is due to recent data obtain in 2020 reporting indicating fewer respondents in 7(a), SBG, and WOSB programs.

16. Collection of information whose results will be published.

For collection of information whose results will be published, outline plans for tabulation and publication. Address complex analytical techniques. Provide time schedules for the entire project.

The results of this collection of information will not be published.

17. Expiration date for collection of information.

If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons why the display would be inappropriate.

Not applicable; expiration date will be displayed.

18. Exceptions to certifications in Block 19 on OMB form 83-I.

Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submission," of OMB Form 83-I.

There are no exceptions to the certification statement (Item 19) of the "Certification for Paperwork Reduction Act Submissions" of OMB Form 83-1.

B. Collections of Information Employing Statistical Methods

Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection method to be used.

This collection of information does not employ statistical methods.