

Small Business Administration (SBA)
SBA Form 5C, Disaster Home Loan Application
OMB Control Number 3245-0018
Justification – Part A Supporting Statement

Overview of Information Collection:

The purpose of this submission is to Request a Revision of an Existing Collection, SBA Disaster Home Loan Application, which includes the paper version of the application (SBA Form 5C) and the Electronic Loan Application (ELA). SBA has revised existing questions to provide clarity for SBA Disaster Home Loan applicants. The substantive revisions are as follows:

- SBA Form 5C is reorganized for clarity and includes content that is easier for applicants to understand. It includes formatting that provides more space for scanning questions and providing responses.
- SBA Form 5C is streamlined for use by homeowners and renters to apply for low-interest, long-term loan from SBA for physical damage caused by a declared disaster. Previously, Sole Proprietors utilized Form 5C to apply for SBA physical disaster loans and economic injury disaster loans. Henceforth, all business applicants will complete the Business Loan Application (SBA Form 5).
- The revised SBA Form 5C informs the applicant of the documents they should have available to assist with the completion of the application.
- SBA has removed its SBA employee question. All disaster loan applications will be processed in the same manner, regardless of SBA employment status.
- SBA has removed the question about previous SBA loans, federal loans, and federally guaranteed loans. SBA uses its technology systems to access this information internally.
- SBA has streamlined the criminal history question regarding serious criminal offenses from eight separate parts down to three parts to align with current SBA regulations.
- SBA has clarified its citizenship, damaged property information, and insurance coverage questions. SBA has added new insurance coverage questions for Windstorm and Fire Insurance.
- SBA has revised its debt obligation question to include credit extensions obtained within the last 90 last days because they may not appear on the credit bureau reports. In addition, the question was revised to exclude medical debts. To be consistent with Executive Order 14070, SBA has eliminated medical debt as a factor for underwriting.
- SBA has reorganized the Consent and Signature statement of the Form 5C. The revision aligns the Home Loan Application with the Business Loan Application (SBA Form 5), which also includes this statement. SBA also clarified eligibility and use of loan funds for mitigation purposes.
- The revised SBA Form 5C now includes the option for disaster applicants to receive updates about their loan status via text message. SBA has also added electronic signature and electronic communications consent language to the application.
- SBA has revised the Privacy Act Statement to comply with OMB requirements.

- SBA has added a statement regarding lobbying (applicable to loans exceeding \$150,000), which was previously contained in a separate form. This revision will streamline the processing of applications and reduce the number of loan closing documents a borrower must complete.

1. Need & Method for the Information Collection.

Section 7(b) of the Small Business Act (attached), 15 U.S.C. 636, as amended, authorizes SBA to make loans to victims of Federally declared disasters. The loan application and supporting documentation are basic requirements of any lending function. OMB Circular A-129, *Policies for Federal Credit Programs and Receivables*, Section III, Credit Extension and Management Policy ([Circular A-129 Revised \(whitehouse.gov\)](#)) requires Federal agencies to determine, among other things, whether loan applicants comply with certain statutory, regulatory, and administrative eligibility and other requirements for loan assistance. The requirement for the use of the Form 5C is found in the Standard Operating Procedure (SOP) for Disaster Assistance, SOP 50 30 9.

SBA is modernizing the process and delivery of disaster loan assistance by improving the documents utilized by the disaster survivor. Disaster loan applicants can elect to submit a paper version of the application or apply online via SBA's Electronic Loan Application (ELA). Disaster survivors visiting an SBA field location or Disaster Loan Outreach Center (DLOC) work with SBA staff who assist them in obtaining applications, returning completed applications, and completing disaster loan application forms. The information obtained at field offices or DLOCs are submitted to the Disaster Processing and Disbursement Center (PDC) for application processing and retention. If the SBA Form 5C is not collected, SBA cannot conduct the disaster loan program nor determine which disaster survivors are eligible for assistance.

2. Use of the Information.

This information collection (IC) is used by individual homeowners or renters to apply for SBA physical disaster loans. SBA analyzes the information from the application to determine whether the applicant is eligible for an SBA disaster loan and has repayment ability. The credit analysis is also necessary to determine whether a loan is an acceptable risk to the Government.

The information collected may be used by other Federal agencies, as permitted by law, to process, service, liquidate, or foreclose on a loan or loan guaranty. A copy of "Statements Required by Laws" is attached to every application issued, which includes the Right to Financial Privacy Act of 1978. The applicant must acknowledge receipt of the information before the application can be accepted.

3. Use of Information Technology.

This information collection provides loan applicants the option to complete the disaster loan

application online and submit it electronically. The Electronic Loan Application (ELA) is part of SBA's Unified Lending Platform and Disaster Credit Management System (DCMS), which includes the Disaster Loan Assistance Portal (DLAP), a loan processing system that enables disaster loan applicants to retrieve and modify existing data records and allows some reduced data entry on their part. Applicants are required to register with Login.gov prior to creating and accessing their DLAP account.

4. Non-duplication.

The information requested on the application is applicant and time specific; therefore, past information provided generally would not be appropriate for use.

5. Burden on Small Business.

This information collection does not impact small businesses or other small entities.

6. Less Frequent Collection.

This information cannot be conducted less frequently because we only collect it once from each applicant in connection with each application for disaster assistance. The consequence of not collecting this information would be an inability to determine which applicants are eligible for assistance and an inability to begin the credit/financial analysis necessary to make loan decisions. The SBA could not conduct the program without the collection of this information.

7. Paperwork Reduction Act Guidelines.

No special circumstances exist. No confidential information is required that is not protected to the extent permitted by law including the Privacy Act and Freedom of Information Act.

8. Consultation and Public Comments.

Comments were solicited in a Federal Register Notice published on April 15, 2022, in 87 FR 22612. The comment period closed on June 14, 2022. No comments were received. SBA did not conduct any other additional outreach outside of the public notice.

9. Gifts or Payment.

There are no gifts or payments provided to respondents. SBA is not proposing to provide incentives to potential respondents.

10. Privacy & Confidentiality.

The information collected is protected to the extent permitted by law, including the Privacy Act 5 U.S.C. 552a and the Freedom of Information Act, 5 U.S.C. 552 and is part of SBA's Privacy Act System of Records. The System of Records Notice (SORN) for the SBA disaster program is titled Disaster Loans Case Files (SBA 20 - <https://www.govinfo.gov/content/pkg/PAI-2017-SBA/xml/PAI-2017-SBA.xml#sba20>). SBA most recently published an updated SORN for SBA 20 on November 19, 2021 (86 FR 64979), which can be located here: <https://www.federalregister.gov/documents/2021/11/19/2021-25276/privacy-act-of-1974-system-of-records-notice>.

SBA collects personally identifiable information such as name, social security number, birth date, address, phone number, email address, financial information, employment, and criminal history. Applicants are not required to submit proprietary trade secrets, or other confidential information.

SBA adheres and complies with our Cybersecurity and Privacy Policy to maintain privacy and confidentiality of the data collections which are specifically stated in the applicable Privacy Impact Assessment (PIA).

The PIA that supports this collection is the Disaster Credit Management System (DCMS). DCMS incorporates information system resources that support the operation of the system. Some security controls for safeguarding the handling of PII data in the DCMS system includes access controls, role-based permissions, field level security, platform encryption AES 256-bit key for enhanced security. The Disaster Loan Assistance Portal requires registered users to authenticate with an independent service to identify the person applying and a two-factor authentication process for all independent service personnel to sign on to the system.

11. Sensitive Questions.

Questions perceived to be “sensitive” such as marital status, date of birth, financial, and criminal records information are solicited in this collection so that SBA can make an informed credit and eligibility determination. This information is required for an applicant to receive a benefit under SBA’s Disaster Loan Program. This information helps SBA to assess whether there is a reasonable assurance of loan repayment.

Veteran, gender, race, and ethnicity data is collected for program reporting only. These questions do not negatively impact any vulnerable populations. Disclosure is voluntary and has no bearing on the loan decision. In the sections of the application that ask for this information, the following instructions are provided: “Veteran, gender, race, and ethnicity data is collected for program reporting only. Disclosure is voluntary and has no bearing on the loan decision.”

12. Burden Estimate.

The SBA Form 5C is revised for use by homeowners and renters to apply for low-interest, long-term loan from SBA for physical damage caused by a declared disaster. The burden estimate for

this information collection has decreased because, previously, Sole Proprietors utilized Form 5C to apply for SBA physical disaster loans and economic injury disaster loans. All business applicants will now complete the Business Loan Application (SBA Form 5).

	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses for this IC	101,319	NA	(16,419)	NA	NA	117,738
Annual IC Time Burden (Hour)	126,649	NA	(20,524)	NA	NA	147,173
Annual IC Cost Burden (Dollars)	\$1,877,394	NA	(253,664)	NA	NA	2,131,058

Burden per Response:

	Time Per Response	Hours	Cost Per Response
Reporting	1.25	1.25	\$11.23
Record Keeping	NA	NA	NA
Third Party Disclosure	NA	NA	NA
Total	1.25	1.25	\$11.23

Annual Burden:

	Annual Time Burden (Hours)	Annual Cost Burden (Dollars)
Reporting	126,649	\$1,877,394

Record Keeping	NA	NA
Third Party Disclosure	NA	NA
Total	126,649	\$1,877,394

Estimates are based on an average of home loan accepted during the last five fiscal years. The computation is below:

FY	Home Loan Applications Accepted for Processing
2016	57,267
2017	105,410
2018	239,944
2019	70,563
2020	33,411
TOTAL	506,595

506,595 divided by 5 = 101,319 **average home loans accepted per year (number of responses)**. For FY 20, approximately 95% of all applications were accepted using the ELA.

SBA estimates that the home loan application (both paper and ELA) will continue to approximately 1.25 hours to complete based on feedback and testing of the ELA and based feedback received from applicants and observation for paper forms.

101,319 respondents x 1 response per applicant x 1.25 hours = 126,649
Total annual hour burden = 126,649.

Cost to respondent for hour burden for this collection. Average cost is based on GS 1, Step 1 (\$11.23 per hour – 2022 RUS) which reflects the level of expertise (minimal) that is required to respond.

126,649 burden hours x \$11.23 = \$1,422,268 + 32% for fringe benefits = **\$1,877,394 Total cost to respondents.**

13. Estimated nonrecurring costs.

There are no additional costs that have not been identified and explained in 12 above.

14. Estimated cost to the Government.

It takes SBA personnel approximately 2 hours per loan application to evaluate the information provided, perform a credit analysis, and process the application (both paper and ELA) to make a decision.

Typically, expertise equivalent to a GS-9, Step 1 (\$26.22 per hour - 2022 RUS) is required to process these applications using either method.

101,319 responses at 2 hours per response = 202,638 x \$26.22 = \$5,313,168 plus 37% for overhead (32% for fringe benefits and 5% for printing, etc.) = **\$7,279,041 estimated cost to Federal Government.**

15. Reasons for changes. Explain the reasons for any program changes or adjustments reported on the burden worksheet.

Burden and cost information decreased with this submission as compared to the last submission due to a decrease in the number of applications received as a result of excluding the applications received from Sole Proprietors.

16. Publicizing Results.

Published SBA disaster loan data includes verified loss and approved loan amount totals for both home and business disaster loans, segmented by city, county, zip code and state. This information is published quarterly on the SBA.gov website. Certain loan information is also posted on USAspending.gov, pursuant to the [Federal Funding Accountability and Transparency Act \(nih.gov\)](#).

17. OMB Not to Display Approval.

The expiration date will be displayed.

18. Exceptions to "Certification for Paperwork Reduction Submissions."

There are no exceptions.

19. Surveys, Censuses, and Other Collections that Employ Statistical Methods.

Not Applicable