

Supporting Statement
U.S. Small Business Administration
Paperwork Reduction Act Submission
All 7(a) Loan Programs
(OMB Control # 3245-0348)

A. OMB clearance is requested for the following forms:

- 1. SBA Form 1919, SBA 7a Borrower Information Form**
- 2. SBA Form 1971, Religious Eligibility Worksheet**
- 3. SBA Form 2237, 7(a) Loan Post Approval Action Checklist**
- 4. SBA Form 3518, Community Advantage Addendum – 7(a) CA SBLC**

B. Introduction:

The purpose of this submission is for the revision of existing information collection in OMB Control No. 3245-0348 consisting of SBA Form 1919, “SBA 7(a) Borrower Information Form For use with all 7(a) Programs”. There are no additional revisions to the information collection in the OMB Control No. 3245-0348 which consist of SBA Form 1971, “Religious Eligibility Worksheet”, SBA Form 2237, “7(a) Post-Approval Action Checklist.”, and SBA Form 3518, Community Advantage Addendum – 7(a) CA SBLC”.

Since the last renewal, there have been changes in Agency regulations related to the 7(a) loan program, specifically changes related to the prior criminal history of the Small Business Applicant or an Associate of the Small Business Applicant, which require revisions to SBA Form 1919.

Summary of Changes:

1. SBA Form 1919, SBA 7(a) Borrower Information Form for use with all SBA 7(a) Loan Programs

Notice of Proposed Rule 88 FR [63534](#), Criminal Justice Reviews for the SBA Business Loan Programs and Surety Bond Guaranty Program, amends regulations governing SBA’s business loan programs for criminal background reviews at 13 CFR [120.110\(n\)](#). SBA has addressed the comments received and submitted the final rule to the Federal Register for imminent publication. Based on these regulatory changes since the last publication of the form in December 2023, SBA revised the information collected as follows. The final rule was published on April 30, 2024, 89 FR [34094](#), effective May 30, 2024.

a. Revised Question 4 in SBA Form 1919:

Notice of Proposed Rule 88 FR 63534, “Criminal Justice Reviews for the SBA Business Loan Programs and Surety Bond Guaranty Program”, amends regulations governing SBA’s business

loan programs for criminal background reviews at 13 CFR 120.110(n). This rule change requires a revision to Question 4. The updated language to Question 4 will be, “Is the Applicant or any Associate of the Applicant currently incarcerated, serving a sentence of imprisonment imposed upon adjudication of guilty, or is under indictment for a felony or any crime involving or relating to financial misconduct or a false statement? (if “Yes” the Applicant is not eligible for SBA financial assistance.)”

b. Added an Applicant certification:

In 89 FR 34094, SBA stated that, based on its review of SBA capital programs’ current policies on individuals with criminal history records, SBA recognizes the need to update regulations to reduce barriers to participation in these programs for equitable support for qualified small business owners with certain criminal history records and issued a proposed rule for public comment. As the SBA expands access to capital to more qualified entrepreneurs, it continues to implement additional reforms to mitigate the risk of fraud in its traditional capital programs, including front-end detection protocols conducted by SBA.

In accordance with 89 FR 34094, an Applicant business is ineligible if it has an Associate who is currently incarcerated, serving a sentence of imprisonment imposed upon adjudication of guilty, or is under indictment for a felony or any crime involving or relating to financial misconduct or a false statement. Based on its review of SBA’s capital programs... SBA takes on the responsibility for verification of the Applicant’s eligibility, including eligibility based on the Applicant’s Associates’ criminal background, using SBA’s Risk Mitigation Framework, which uses processes in place across the financial services industry. When SBA’s Risk Mitigation Framework finds an indicator of a possible compliance check error, SBA must be able to communicate with the Lender to clear the error code. The application cannot be approved until the error code has been cleared. The authorization from the Applicant is necessary to enable SBA to communicate directly with the Lender to work together to clear the code.

2. SBA Form 1971, Religious Eligibility Checklist For all 7(a) and 504 Loan Programs

No changes to the information collection in the SBA Form 1971 were made by SBA.

3. SBA Form 2237, 7(A) LOAN POST APPROVAL ACTION CHECKLIST

No changes to the information collection in the SBA Form 2237 were made by SBA.

4. SBA Form 3518, Community Advantage Addendum – 7(a) CA SBLC

No changes to the information collection in the SBA Form 3518 were made by SBA.

C. Need & Method for the Information Collection:

1. The circumstances that make the collection of information necessary.

Section 7(a) of the Small Business Act (15 U.S.C. 636) authorizes the Small Business Administration to guarantee loans made by banks or other financial institutions to qualified small

businesses for the purposes of “plant acquisition, construction, conversion, or expansion, including acquisition of land, material, supplies, equipment, and working capital” (a copy of this provision is attached). The 7(a) loan program regulations at 13 CFR Part 120 set forth the requirements that small businesses and lenders must comply with when applying for an SBA-guaranteed loan. This collection of information is also required of SBA by OMB Circular A-129 (Policies for Federal Credit Programs and Non-tax Receivables), to among other things, evaluate the character and performance of individuals participating in its federal credit programs (copy of this provision is attached).

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

SBA Form 1919

The SBA Form 1919 is currently approved for use with the 7(a) loan program, and it is the first step in the SBA 7(a) loan origination process. The form is completed by the Small Business Applicant for submission to an SBA Participating Lender. The form is comprised of questions that help determine whether the Applicant and the requested financing are eligible and, if so, what additional information is necessary. To determine loan eligibility, SBA, through the Lender, collects information about the Applicant and its principal(s), their indebtedness, current or previous government financing, and certain other matters.

SBA uses the information collected in the electronic submission of SBA Form 1919 to ensure general eligibility and pre-screen for fraud.

In addition, as part of SBA’s Risk Mitigation Framework, SBA uses the information on this form and other documents to ensure Lenders are originating loans that meet SBA Loan Program Requirements, and to minimize fraud. Data from the form is used to compile reports by SBA management (Executive, Senior, and Mid-Level) and entities with oversight authority of SBA. The entities use the data to evaluate the effectiveness of the 7(a) loan program in meeting the needs of various demographics, as well as the safety and soundness of the programs.

SBA Form 1971

This form is completed by the Lender for 7(a) loans and by the Certified Development Company (CDC) for 504 loans when a Small Business Applicant has a religious component. For non-delegated applications, the Lender/CDC submits the form with the application to the appropriate SBA loan processing center and SBA counsel uses the information collected to determine whether or not a Small Business Applicant with a religious business component is eligible to receive SBA loan assistance. The information is reviewed by SBA when conducting lender oversight activities or, in the event of default on a 7(a) loan, at time of guaranty purchase request.

SBA Form 2237

The information requested on this form is used by Lenders to advise or request SBA approval of post-approval loan changes for routine modifications (increase/decrease loan amount and/or

guaranty percentage; cancellation of a loan approval; changes to the loan term/ maturity; and name (legal and/ or trade) and address changes). The collection of information is provided by the SBA Participating Lender to SBA through the secured E-Tran platform. The information is pertinent to the SBA to ensure that the Agency's records reconcile with the Lender's as well as with the loan documents.

SBA Form 3518

SBA Form 3518 is submitted to SBA electronically by the CA SBLC and is used to collect demographic information of the Small Business Applicant, including but not limited to if it is located in an underserved market, if more than 50% of the Applicant's employees either are low income or reside in a LMI area, and/or if the Applicant is veteran owned. SBA requires this information to ensure the CA SBLC is in compliance with SBA's requirement that 60% of the number of CA SBLC loans closed must meet the underserved market requirements.

3. Use of Information Technology

SBA Form 1919

This form is available on the SBA website as a PDF (fillable form) (<https://www.sba.gov/managing-business/forms/lending-forms/borrower-information-formhttps://www.sba.gov/document/sba-form-1919-borrower-information-form>). Lenders are also able to assist respondents by generating the form through many third-party software platforms. Lenders with delegated authority are required to retain it in the respective loan file. For loans processed under non-delegated authority, the form must be submitted electronically to the SBA's LGPC via the E-Tran platform.

SBA Form 1971

This form is available in PDF-fillable online (<https://www.sba.gov/document/sba-form-1971-religious-eligibility-worksheet>) and is remitted to the Agency, when required, electronically.

SBA Form 2237

This information is collected from the SBA Participating Lender electronically through E-Tran as an electronic submission, however, the form is also available in PDF-fillable online (<https://www.sba.gov/sites/default/files/2020-11/sba-form-2237.pdf>).

SBA Form 3518

This information collection is submitted by the CA SBLC lender electronically through E-Tran. The form is made available in PDF-fillable format online.

4. Non-duplication

The information collected is unique to each Small Business Applicant, its principals, and the circumstances of the particular loan. All information must be collected by the Lender during the origination of an SBA loan and there are no other sources for this information.

5. Burden on Small Businesses

SBA Form 1919

The revision to SBA Form 1919 replaces a yes/no question with another yes/no question and results in no anticipated additional time burden for the Applicant. This form is completed by small businesses in order for SBA to determine eligibility under the statutory and regulatory program rules.

SBA Forms 1971, 2237, and 3518

These forms are completed by Participating 7(a) Lenders, some of whom may be classified as small businesses in accordance with SBA's size standards. The Agency is cognizant of the burden completing the form places on its lending partners and continues to work with them to determine ways to reduce the burden. As SBA has no requirement that the Lender be a small business and does not collect with the Application information on the size of the Lender, SBA has no way to determine if the Lender submitting the loan guaranty request is or is not a small business.

6. Less Frequent Collection - Consequences if the information is not collected.

Failure to collect the information contained in the forms would likely compromise the 7(a) program's effectiveness and contribution to the nation's economy. Collection of the information contained in the forms allows the Agency to provide small businesses access to capital in an efficient and timely manner while complying with its statutory and regulatory authority and maintaining its fiduciary responsibility to the taxpayer.

The information is only collected once per application. As the forms collect information on eligibility and credit standards established by SBA Loan Program Requirements, not completing the required forms in their entirety at application may result in loans entering the program which are not eligible or creditworthy, potentially impacting program subsidy. Failure to collect the information would also inhibit SBA's ability to ensure compliance with SBA Loan Program Requirements.

7. Existence of Special Circumstances

Lenders submit loan data to SBA for its loan guaranty approval on a loan-by-loan basis. Because Lenders want SBA to approve loans on a rolling basis, they submit information more than once a quarter.

8. Solicitation of public comment.

On September 15, 2023, SBA published Federal Register Notice, "Criminal Justice Reviews for the SBA Business Loan Programs and Surety Bond Guaranty Program" ([88 FR 63534](#)). In this notice SBA announced the intention to revise regulation under 120.110(n) and stated that the proposed rule would require the revision of SBA Form 1919, "Borrower Information Form" contained within OMB 3245-0348, and SBA Form 1244, "Application for Section 504 Loans"

(under a separate collection of information under OMB Control No. 3245-0071). Comments were due by November 14, 2023. SBA received a total of 19 comments on the proposed rule notice. SBA reviewed and considered comments and has submitted a final rule to the Federal Register. SBA continues to engage with the Lenders to identify future enhancements.

9. Gifts or Payments.

No gifts or payments are provided to any respondents.

10. Privacy & Confidentiality.

Personally identifiable information is protected in accordance with SBA Cybersecurity and Privacy Policy, federal policies, guidelines, industry practices and standards which consists of encryption, access controls, least privileges, role-based permissions, Cybersecurity Awareness Training for all SBA staff, signed Rules of Behavior, and data minimization. A Privacy Impact Assessment has been conducted on the [Capital Access Financial System](#) (CAFS) affiliated with this form. Also, the information collected is protected to the extent permitted by law including the Freedom of Information Act and the Privacy Act, where applicable. SBA provides respondents with a summary statement of the laws governing the Agency's protection and disclosure of confidential and sensitive information as part of SBA Forms 1919 and 1081. SBA restricts access to the information to those personnel with a need to know. The most recent revision of Privacy Act System of Records, SBA 21 – Loan System can be found at: [2021-09064.pdf \(govinfo.gov\)](#)

The information collected is protected to the extent permitted by law. SBA incorporated various statements required by law and executive orders to advise each respondent (both the loan Applicant(s) and Lenders) 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), the Privacy Act (5 U.S.C. § 552a), and other executive orders or legislation governing federal financial assistance.

SBA Form 1919 includes a section entitled, “Statements Required by Law and Executive Order.” This section advises each respondent of, among other things, the protections and policies governing the disclosure of sensitive and confidential information under the Freedom of Information Act, (5 U.S.C. § 552), Privacy Act (5 U.S.C. § 555a), the Right to Financial Privacy Act of 1978 (12 U.S.C. § 3401), the Federal Funding Accountability and Transparency Act of 2006, as amended (31 U.S.C. 6101 Note), and other statutes or executive orders related to financial assistance from the Federal government.

11. Questions of a sensitive nature.

This information collection requests social security numbers as well as financial, criminal, and employment information which all may be perceived as sensitive information. SBA is specifically authorized to verify the criminal history, or lack thereof, to make a character determination, pursuant to section 7(a)(1)(B), 15 USC Section 636(a)(1)(B) of the Small

Business Act (the Act). SBA is authorized to make all investigations necessary to ensure that a person has not engaged in acts that violate or will violate the Act or the Small Business Investment Act, 15 USC Sections 634(b)(11) and 687(b)(a), respectively.

Regulations under 13 CFR 120.110(n) are being revised to reflect those businesses with an Associate who is incarcerated, serving a sentence of imprisonment imposed upon adjudication of guilty are ineligible. SBA Form 1919 collects information about each applicable principal's recent criminal record, gender, race, ethnicity, and veteran status. The veteran status, gender, race, and ethnicity are collected for program reporting purposes only and have no bearing on the credit decision, and the collection of this information is voluntary. However, SBA's collection of information concerning a respondent's current criminal history is necessary to ensure an ineligible loan is not approved by the SBA.

SBA maintains a Privacy Act System of Records governing the disclosure of an individual's loan related personal information. See Federal Register Notice SBA-21, Loan System, at 74 FR 14890 (April 1, 2009) as amended by notices published at 77 FR 15835 (03/16/2012), 77 FR 61467 (10/09/2012), and 86 FR 23026 (04/30/2021).

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

Number of Respondents – To calculate the number of respondents for each form, SBA used the average number of 7(a) loan applications approved for FY 2020, 2021, and 2022 completed Fiscal Years¹ as a basis for anticipated 7(a) loan approvals for FY 2024. For Application submissions, SBA included the estimated number of loans which will be declined based on the percentage of the total number of declined 7(a) loans² in FY's 2020, 2021 and 2022 compared to approved loans. This figure, plus an estimate of the additional Form 1919 required to be submitted by Operating Companies (OC) when the Applicant is an EPC and added an estimate for additional Form 1919 submissions required by Co-Borrowers. SBA recognizes there is a time burden with the input of such information and the cost estimates below consider the Lender's time burden in entering this information in E-Tran. SBA estimated the time burden estimate for FY 2024 by calculating the total number of 7(a) loan Applications submitted to SBA, both approved, and declined (adding 0.5% for the number of submitted and declined applications), then dividing the sum by three (3) (number of years collected) to arrive at 47,512 anticipated Applicants (Applications received). To determine the average number of respondents for the Form 1919, SBA added 17.8% of the total Applications received to estimate the number of

¹ Per publicly available SBA 7(a) Loan Approval data downloaded from SBA's Freedom of Information webpage: webpage SBA FOIA - 7(a)(FY2020-Present) as of 230331.csv

(<https://data.sba.gov/dataset/7-a-504-foia/resource/c71ba6cf-b4e0-4e60-98f0-48aeaf4c6460>). 141,832 7(a) loan approvals in FY 2020 (42,298), FY 2021 (51,856), and FY 2022 (47,678); which averaged 47,277.3 loans per year.

² Per SBA Loan Guaranty Processing Center, the number of declined 7(a) loan applications without subsequent approval by FY were 194 declines in FY 2020; 285 declined loans in FY 2021; and 224 declined loans in FY 2022. The total of 703 declined loans represents 0.497% of the total loan approvals of 141,832 over the same period. For purposes of estimating the total number of loan applications received (both approved and declined) by SBA, SBA rounded the percentage of declined loans to 0.5% and added to the number of anticipated 7(a) loan approvals for FY 2024.

additional Form 1919s required for Applications submitted as an EPC/OC or Co-Borrower structure.

SBA used the total number of loans declined without subsequent approval between FY 2020 and FY 2022 which was calculated as a percentage of the total loans approved of approximately 0.5 percent. SBA then added 17.8% to the estimated number of applications received to incorporate the anticipated additional information collection submissions required for EPC/OC and Co-Borrower submissions, which are estimated to be approximately 17.8% of the total 7(a) loan approvals³. This total was used to calculate the total 7(a) Application submissions for the Small Business Applicants (Form 1919). For the number of respondents completing Form 1919 for FY 24, we averaged the number of Applications received as an Eligible Passive Company (EPC)/Operating Company (OC) structure and the number of Applications including a Co-Borrower. The EPC/OC and Co-Borrower submissions would only affect the number of Applicants for Form 1919, and not the other Forms in this addressed in this supporting statement.

See the Table 1: 7(a) Form Submissions, FY 2020 – FY 2022, for a breakout of Applications and Form submissions received by SBA in the last three years and the average per year used as a base for FY 2024:

Table 1: 7(a) Form Submissions, FY 2020 – FY 2022:

	3-Year Total	Average Per Year
Approved 7(a) Loans	141,832	47,277
Declined 7(a) Applications (~0.5% of the 3-Year total - Est.)	709	236
EPC/OC and Co-Borrower (~17.8% of the 3-Year total - Est.)	25,199	8,400
Total Form 1919 Respondents⁴	167,740	55,913
Total Guaranty Request Submissions in E-Tran (applications approved and declined)	142,535	47,512

³ Per SBA loan data on number of SBA loan approvals with EPC/OC and/or multiple Co-borrowers for FY 2020 (6,892 approvals); FY 2021 (10,923 approvals); and FY 2022 (7,384 approvals). Which results in a total of 25,199 applications received requiring more than one submission of Form 1919 per application, or 17.77% of the total approvals. SBA added 17.8% to the anticipated number of loan applications to ensure the total number of respondents is accurately reflected.

⁴ Anticipated respondents (Small Business Applicants, OCs, and Co-borrowers) SBA Form 1919 in FY 2024 is the annual average of the total 7(a) loan approvals, plus the estimated annual number of declined 7(a) loans (0.5%), plus the estimated number of additional Form 1919 submissions required by respondents such as Operating Companies in an EPC/OC structure, and Co-Borrowers (17.8%).

Total Form 2237 Respondents⁵	141,832	47,277
Total Form 3518 Respondents⁶	1,820	607
Total Form 1971 Respondents (Estimated)	30	10

**Discrepancy between Application totals may be off due to rounding in calculating the average Applications per year.*

For the Fiscal Years, FY 2020, 2021, and 2022, there was an average of 47,512 7(a) loan applications submitted to SBA by SBA Participating Lenders, which is comprised of all 7(a) Loan approvals plus the 7(a) loan applications which were declined without subsequent approval. This figure is used for the number of Lender submissions. For the number of Form 1919 Respondents, SBA added to this figure the additional Form 1919 submission based on the Application being from an EPC, or including a Co-Borrower, which requires an additional Form 1919 submission for each OC and Co-Borrower in the EPC/OC applications and loan applications and other loan requests structured with Co-Borrowers.

This number is calculated by adding the total number of loan approvals in FYs 2020, 2021, and 2022 (141,832 total loan approvals) and adding the total number of applications that were declined without a subsequent approval decision in FYs 2020, 2021, and 2022 (703 total loans declined, or approximately 0.5% of the loan approvals), then dividing by the number of years of loan information (3). This yields an average for 7(a) loan Applications received annually by SBA Participating Lenders of 47,512 respondents. This number also reflects the anticipated number of Applications which will be submitted by Lenders in FY 2024, with only one submission required for each 7(a) Loan Application.

The estimated number of SBA Form 1919 received would be slightly higher. The reasoning for this is, even though SBA no longer requires separate Sections of Form 1919 be completed and submitted for each Applicant, each individual owner of 20% or more, each Associate, and each entity owner; SBA still requires a separate Form 1919 for each Co-Borrower on a loan application, and in cases where the Applicant is an EPC using proceeds to acquire fixed assets for the benefit of an otherwise eligible OC, SBA still requires the EPC to complete a Form 1919, and each OC must also complete SBA Form 1919, regardless if they are a Co-Borrower or a guarantor on the loan. For this calculation, SBA used a factor of 17.8% of approved applications to determine the estimated applications with EPC/OC and/or Co-Borrower structures. An

⁵ Anticipated respondents (Lenders) for SBA Form 2237 are estimated as the anticipated total loan approvals for FY 2024.

⁶ Anticipated respondents (CA SBLC Lenders) for SBA Form 3518 are estimated by using the average annual total of CA Loans approved in FYs 2020, 2021, and 2022 and subsequent SBA Form 2449 submitted to SBA for those loans. The CA Pilot Loan program was sunset on 10/31/2023; and CA Pilot Lenders in good standing were converted to CA Small Business Lending Companies (CA SBLCs).

additional 17.8% of the total anticipated loan approvals from EPC/OC and Co-Borrowers were added to the total Applications approved and declined, increasing the estimated total respondents for Form 1919 to 55,913 per year. (See table 1 above).

For purposes of this calculation of burden estimate for the SBA Form 1971, SBA used the estimate of 10 Form 1971 submissions per year based on historic calculations. These 10 loans per year are added to the total burden estimates in the calculation below.

SBA estimates one response per loan approval for each Form 2237 (47,512).

There were 1,820 CA loans approved in FYs 2020, 2021, and 2022, for an average of 607 CA loans. Because the CA loan pilot sunset on October 31, 2023, and CA Pilot lenders were transitioned to CA SBLC lenders, SBA is replacing SBA Form 2449 with SBA Form 3518 which will also remove the information collection pertaining to management and technical assistance, thus reducing the cost burden. The cost burden estimate remains at less than 2 minutes per response.

For purposes of calculating the anticipated annual costs by a respondent in the following sections, SBA used the GS 11 Step 5 wage scale of \$32.21 per hour⁷ in calculating the hourly costs for completing an SBA Form required to be submitted by an Applicant small business (SBA Form 1919).

For purposes of calculating the anticipated annual costs by a respondent for a Form required by an SBA Participating Lender (SBA Forms 1971, 2237, and 3518), SBA utilized the hourly rate and annual wages provided in the Bureau of Labor Statistics (BLS) “Mean Hourly Wage” data for “13-2072 Loan Officers”⁸. The BLS data reflects a “Mean Hourly Wage” of \$40.46 and a “Mean Annual Wage” of \$84,160 per year. For purposes of this supporting statement, SBA used the BLS’ “Mean Hourly Wage” for “13-2072 Loan Officers” to calculate the annual anticipated costs of completing the SBA Forms by a Loan Officer of \$40.46 per hour.

SBA Form 1919

Each 7(a) loan only requires one SBA Form 1919 to be completed by each Small Business Applicant (the business) and any co-applicant (if applicable), and when the Applicant is an Eligible Passive Company (EPC) as permitted under 13 CFR 120.111, the underlying Operating Company(s) (OC) must also complete the Form 1919 in its entirety, as the eligibility of the loan to an EPC is determinant on the underlying OC(s). In an EPC/OC structure, the OC is only required to be a guarantor on the loan; however, the OC(s) must be a co-Borrower if it receives any proceeds or if proceeds will be used to purchase any assets for the OC(s) use. SBA estimates

⁷ https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2023/GS_h.pdf

⁸ Bureau of Labor Statistics Occupational Employment and Wage Statistics data as of May 2022 (<https://www.bls.gov/oes/current/oes132072.htm>).

that the typical respondent will fill out one SBA Form 1919 once, with only occasional Applicants applying as Co-Borrowers, such as in an EPC/OC scenario.

To determine the average number of respondents for SBA Form 1919 per year, SBA used data for approved loans which reflected the average annual increase between Fiscal Year 2020 and 2022 of 47,277 approvals; added the anticipated number of declined loans per year (approximately 0.5% of the approved loans, or 236 declined loans per year); and added the average number of EPC/OC applications and approved loans with multiple of Co-Borrower Applications received per year (approximately 17.8% of loan approvals, or anticipated additional annual Form 1919 submissions of 8,400 loans per year). This yields 55,913 anticipated Form 1919 submissions for FY 2024.

The revised Form 1919 includes 5,429 words at the time of this writing. SBA used the average 8th grade reading and comprehension level and reading speed statistics to calculate the time burden estimate for a respondent. The average reading levels based on 8th grade students average of between 150 words per minute⁹ and 204 words per minute¹⁰, SBA estimates the form will take between 26.6 and 36.2 minutes to read, comprehend, and complete the Form 1919, or an average rate of 31.4 minutes, or rounded to 32 minutes.

Estimated cost is determined by taking the salary for a GS-11, Step 5 Federal employee’s annual salary of \$67,227 or \$32.21 per hour based on the 2023 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 person in a mid-level position. See *Table 2: Annual Estimated Costs to Complete SBA Form 1919 below.*

Table 2: Annual Estimated Costs to Complete SBA Form 1919

<i>Estimated Number of forms collected annually</i>			
A	FY2024 Estimated Responses for Form 1919		55,913
<i>Estimated Burden Hours</i>			
B	Number of minutes to complete Form 1919		32
C	Total number of minutes to complete the form (annually)		1,789,216
D	Converted to hours	C/60 minutes	29,820

⁹ Average reading speed rate for “6th – 8th grade” supported by research from Hasbrouck, J. & Tindal, G. (2017) – Brysbaert, M. (2019) (<https://scholarwithin.com/average-reading-speed>)

¹⁰ <https://scholarwithin.com/average-reading-speed>

E	GS-11, Step 5 hourly rate		\$32.21
F	The annual cost to respondents	D x E	\$960,511

SBA Form 1971

SBA receives very few responses for Form 1971 for review by the SBA’s Office of General Counsel (OGC) with average submissions of 10 per year. For purposes of the calculation of time burden, SBA will continue to use the anticipated number of Applications received requiring the submission of Form 1971 as approximately 10 per year.

SBA requires both the Applicant small business and the Lender complete and sign the SBA Form 1971 when an Applicant has a religious component to their business (e.g., a religious bookstore). The estimated cost is determined by taking the “Mean Hourly Wage” data for “13-2072 Loan Officers” provided by the Bureau of Labor Statistics (BLS) and applying it to the total anticipated annual burden hours by all respondents. The SBA estimates the respondents will take an average of 5 minutes to complete the form at the mean hourly wage for a Loan Officer of \$40.46 per hour.¹¹ This yields an anticipated annual burden cost to Lenders in completing Form 1971 of \$26.01 per year. Because both the Applicant and the Lender must execute the Form, for simplicity, SBA doubled the total time required by all respondents each year, which increased the time burden from an estimated 50 minutes per year to 100 minutes per year and increased the total anticipated cost of completing Form 1971 to \$67.43 annually.

Table 3: Annual Estimated Costs to Complete SBA Form 1971

<i>Estimated Number of forms collected annually</i>			
A	FY2024 (Estimated)		10
<i>Estimated Burden Hours</i>			
B	Number of minutes to complete Form 1971		5
C	Total number of minutes to complete Form 1971 (annually)		50
D	Converted to hours	C/60 minutes	0.833
E	BLS Mean Hourly Wage Data		\$40.46

¹¹ Based on Bureau of Labor Statistics Occupational Employment and Wage Statistics data for Loan Officers as of May 2022 (<https://www.bls.gov/oes/current/oes132072.htm>).

F	The annual cost to respondents	D x E	\$30.32
G	Doubled Annual Cost (as both the Lender and Applicant must execute the Form when the Form is required)	F x 2	\$67.43

SBA Form 2237

The SBA estimates that most 7(a) loans booked in FY 2024 will require data regarding a change to be input at some point. Thus, SBA anticipates the input of the required information collection for SBA Form 2237 in E-Tran to be once for every approved 7(a) loan application, or an estimate of 47,277 responses. The SBA estimates the average respondent will require 5 minutes to enter the data from the form in E-Tran. SBA used the May 2022 BLS Mean Hourly Wage for a Loan Officer of \$40.46 per hour, for a total annual anticipated cost for all respondents of \$159,402. See Table 4: *Annual Estimated Costs to Complete SBA Form 2237*, below.

Table 4: Annual Estimated Costs to Complete SBA Form 2237

<i>Estimated Number of forms collected annually</i>			
A	FY2024 (Estimated) Respondents		47,277
<i>Estimated Burden Hours</i>			
B	Number of minutes to complete Form 2237		5
C	Total number of minutes to complete the form (annually)		236,385
D	Converted to hours	C/60 minutes	3,939.75
E	BLS Mean Hourly Wage Data from BLS		\$40.46
F	The annual cost to respondents	D x E	\$159,402.29

SBA Form 3518

Each 7(a) Community Advantage loan requires one SBA Form 3518 to be completed by the Lender and submitted to SBA electronically, providing SBA with information about the Applicant small business and any management or technical assistance training or counseling it may have received. This form is required as an addendum to SBA Form 1919, Borrower Information Form when a CA SBLC Lender submits a 7(a) loan request.

There were 538 Community Advantage (CA) loans processed in FY2020, 565 CA loans processed in FY2021, and 717 CA loans processed in FY2022. For purposes of calculating the time burden cost estimates for this information collection, SBA assumes the former CA Pilot lenders (which will now become CA SBLC Lenders) will continue to submit 7(a) loans consistent with the same volume they previously submitted under the CA Pilot Program. Using the totals for CA Pilot Loans for three Fiscal Years, 2020 through 2022, we estimate the total information collections for Form 3518 submitted by CA SBLC Lenders to remain consistent with the average number of submissions averaged over the last three years, or approximately 607 7(a) loans per year.

CA SBLC Lenders are required to submit the demographic information addendum for their Applicants on SBA Form 3518 to ensure they are making a sufficient percentage of their 7(a) loans to businesses located in Underserved Markets. This figure was derived from the results of an average of 607 CA loans processed over three Fiscal Years, 2020 through 2022, each requiring a single response taking an average of 2 minutes per response to complete the form and utilizing the average wage cost of \$40.46 per hour using the May 2022 BLS Mean Hourly Wage data for a Loan Officer. See Table 5: *Annual Estimated Costs to Complete SBA Form 3518* below.

Table 5: Annual Estimated Costs to Complete SBA Forms 3518

<i>Estimated Number of forms collected annually</i>			
A	FY2020 – 2022 CA Loans Three-year average		607
<i>Estimated Burden Hours</i>			
B	Number of minutes to complete Form 3518		2
C	Total number of minutes to complete the Form (annually)		1,214
D	Converted to hours	C/60 minutes	20.23
E	BLS Mean Hourly Wage Data from BLS		\$40.46
F	The annual cost to Respondents	D x E	\$818.64

13. Estimate of total annual costs.

Based on the total anticipated costs for FY 2024 to all respondents for the SBA Forms 1919, 1971, 2237, and 3518, as provided above in Section 12, the total anticipated costs for reading,

completing, and submitting the Forms is \$1,090,783.36. There is no appreciable cost burden other than as reported above. There is no appreciable cost burden to the Lender respondents to submit the required data electronically to SBA other than having the ability to have internet access. The Lender must maintain the original copies of the Forms and supporting documents in the respective loan files; however, the cost to retain the forms does not materially contribute to the overall file retention cost. The costs per form are discussed above and reflected in Tables 2 through 5 above, and summarized in Table 6, Total Estimated Burden Costs for this Information Collection, below:

Table 6: Estimated Annual Time Burden Costs

Form	Time required to complete	Estimated Responses FY24	Annual Estimated Hours to Complete the Form	Annual Estimated Costs - FY 2024
1919	32 Minutes	55,913	29,820.27	\$960,511
1971	5 Minutes	20*	1.66	\$67.43
2239	5 Minutes	47,277	3,939.75	\$159,402.29
3518	2 Minutes	607	20.23	\$818.64
Total	40 minutes	103,817	32,850.02	\$1,090,783.36

* SBA estimates only 10 annual submissions for SBA Form 1971 will be received in FY 2024, however, the Form is required to be completed and executed by both the Applicant and Lender, so the number of respondents was doubled to 20 annual respondents for Form 1971.

14. Estimated annualized cost to the federal government.

When required, all forms are electronically submitted to the Agency; therefore, there is no appreciable collection cost associated with this information. The cost for the staff necessary to review the forms exists whether these forms are remitted to the Agency for review.

15. Reasons and explanation of program changes.

Notice of Proposed Rule 88 FR 63534, “Criminal Justice Reviews for the SBA Business Loan Programs and Surety Bond Guaranty Program”, amends regulations governing SBA’s business loan programs for criminal background reviews at 13 CFR 120.110(n). This rule change requires a revision to Question 4 in SBA Form 1919 for compliance with the new regulation. The revision to SBA Form 1919 replaces a yes/no question with another yes/no question and results in no anticipated additional time burden for the Applicant or Lender. The revisions to the SBA Form 1919 results in no anticipated change in the total estimated burden hours of 72 minutes.

16. Collection of information whose results will be published.

Except for summary data that may be included in various Agency reports (e.g., number of loans processed using this form) this information will not be published.

17. Expiration date for collection of this data.

This is not applicable; expiration date will be published.

18. Exceptions to the certification.

There are no exceptions.

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

This is not applicable.