

ONESPAN SIGN SBA E-SIGNATURE REQUIREMENTS CHECKLIST

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SBA Paycheck Protection Program

Background Overview

The U.S. government passed a \$2 trillion stimulus package known as the Coronavirus Aid, Relief, and Economic Security (CARES Act) to help boost the economy in response to the Coronavirus pandemic.

Under the CARES Act, The Small Business Administration (SBA) will oversee the [Paycheck Protection Program](#), which will distribute \$349 billion to small businesses towards job retention and business operating expenses. The program is designed to get cash to small businesses quickly, with less red tape and fewer guardrails than the SBA's existing loan programs.

SBA Paycheck Protection Program Overview

- **Who can apply for loans under the Paycheck Protection Program?**
 - Businesses and non-profits with 500 or fewer employees are eligible for the loans. However, loans are not restricted to companies: self-employed workers and gig workers, such as drivers for ride-share companies, also qualify. Qualified borrowers must have been in business before February 15, 2020, and must have paid employee/contractor salaries and payroll.
- **How much can eligible businesses receive?**
 - Businesses can receive loans up to \$10 million at up to 4% interest rates, depending on how much they paid their employees between January 1, 2020 and February 29, 2020.
- **Who will be distributing the loans?**
 - Loans will be provided through banks, credit unions, and other lenders, and will be fully guaranteed by the Small Business Administration. Loan applications will be submitted through lenders who are partnered with the Small Business Administration.
- **How long will it take to process loans?**
 - The loan process will become a same-day process, in which case loans would be signed and disbursed within 24 hours.

OneSpan Solution

OneSpan Sign (OSS) electronic signatures help financial institutions accelerate the processing time and execution of loan approvals for small businesses from days to minutes.

In addition to compliance with The ESIGN Act, UETA, and applicable UCC articles, OneSpan Sign is designed to comply with the requirements outlined by the [Office of Financial Assistance, U.S. Small Business Administration \(SBA\) Appendix 8 of SOP 50 10 5\(K\)](#), “Requirements for Electronic Signatures in the 7(A) And 504 Loan Programs”. SBA lenders may utilize electronic signatures in connection with 7(a) and 504 loans provided they comply with the performance standards outlined in this Appendix on SBA Forms and other documents requiring signatures. *The table below outlines how OneSpan Sign complies with the applicable Appendix 8 requirements.*

Next Steps: If your financial institution is evaluating its participation in the SBA’s Paycheck Protection Program, then discuss and present this document to your organization’s business leaders to demonstrate how OneSpan Sign meets the specific requirements for electronic signatures outlined by the [Office of Financial Assistance, U.S. Small Business Administration \(SBA\) Appendix 8 of SOP 50 10 5 K](#), “Requirements for Electronic Signatures in the 7(A) And 504 Loan Programs”.

Additional References

- Office of Financial Assistance, U.S. Small Business Administration (SBA) Appendix 8 of SOP 50 10 5 K - <https://bit.ly/2w2O6zz>
- SBA.gov – Funding Programs – Paycheck Protection Program - <https://bit.ly/2JuaYew>
- SBA.gov - Office of Advocacy 2018 Small Business Profile - <https://bit.ly/2QY8KI8>

SBA E-Signature Requirements Checklist

SBA E-Signature Requirement	How OneSpan Sign complies
A. Electronic Form of Signature: The SBA will accept the following forms of signature. 1. Symbols such as: a. A typed name (e.g., typed at the end of an email message by the sender, or typed into a signature block on a website form by a party); b. A digitized image of a handwritten signature that is attached to an electronic record; c. A shared secret (e.g., a secret code, password, or PIN) used by a person to sign the electronic record; d. A unique biometrics based identifier, such as a fingerprint, voice print, or a retinal scan; or e. A digital signature. 2. Processes such as a. Using a private key and applicable software to apply a “digital signature;” or b. Scanning and applying a fingerprint.	• OneSpan Sign supports these forms of signature that comply with this section.
B. Intent to Sign: The signing ceremony must (1) clearly identify the reason for signing (e.g., agreement to the contract terms; acknowledgement of receipt, etc.), and (2) clearly specify the conduct that will indicate an intent to sign for the purpose of agreeing to that reason. SBA Lenders are reminded that electronic signatures are only valid under the E-SIGN Act if they	• OneSpan Sign captures the signer’s intent to sign: • B.1: E-Signatures are placed at the location in the document where a signature is required, and the document will provide an indication regarding the purpose of the signature. A descriptive name can be optionally provided for each document. • B.2: Use of the signer's consent process at the beginning of the signing ceremony with the standard E-SIGN consent disclosure statement

are “executed or adopted by a person with the intent to sign the record.” Therefore, SBA Lenders must establish that the signer intended to sign the record. I. Establishing intent includes: - Identifying the purpose for the Applicant/Borrower or other party signing the electronic record; - Being reasonably certain that the Applicant/Borrower or other party knows which electronic record is being signed; and - Providing notice to the Applicant/Borrower or other party that his or her electronic signature will be applied to, or associated with, the electronic record. 2. SBA Lenders may establish the signatory’s intent to use an electronic signature using any of the following or other similar methods: - An online dialog box or alert advising the Borrower or other party that continuing the process will result in an electronic signature; - An online dialog box or alert indicating that an electronic signature has just been created and giving the Applicant/Borrower or other party an opportunity to confirm or cancel the signature; or - A click-through agreement advising the Applicant/Borrower or other party that continuing the process will result in an electronic signature.	indicates the signer understands their intent to sign in using the electronic signature.
C. Association of Signature to Documents: I. The signing process must: - Ensure the document is presented to the signer before an electronic signature is obtained; and - Be attached to, or logically associated with, the document that has been electronically signed for the life of the document. 2. In addition, SBA will require electronic signatures to have a record/certificate that tracks: - Certificate of Completion Status;	- One Span Sign complies with the requirements of association of a signature to a document: - C.1: Documents signed by OneSpan Sign include audit data indicating, for each and every electronic signature, who signed it, when it was signed and from where it was signed (via the signer’s IP address). This audit information is embedded in the document and protected against tampering with digital signatures. - C.2: The information contained in the OneSpan Sign Evidence Summary would satisfy all these requirements

b. Identity of the signer or a link to the source of identifying information, such as a validated UserID, a digital certificate, a biometric database, etc.; c. Date and time of the signature; d. Method used to sign the record; and e. An indication of the reason for signing and/or events associated with signature.	
D. Identification and Authentication of Signer: 1. Initial Establishment/Verification: The first time a signer requests the credentials to sign a document SBA requires proofing to be performed consistent with the standards in the current NIST 800-63 for Level 3 assurance. This notice takes the level 3 standard is noted below which was taken from page 34 of http://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.800-63-2.pdf	- Section D covers the identification of the signer according to NIST 800-63-2 Level 3 assurance level and depends for its provision by the lender directly or through a third-party. - D.1.: The lender/customer can validate the identity of the new applicant using (KYC) methods. OneSpan Secure Agreement Automation (SAA) would be a recommended solution in addition to OneSpan Sign for digital identity verification capabilities.
2. Separate Action for Each Signature/Initial: SBA Lenders must require a separate action by the signer, evidencing intent to sign, in each location where a signature or initials are to be applied.	- OneSpan Sign complies with this requirement: - D.2.: OneSpan Sign captures a signature by having the signer click-to-sign or capture a handwritten signature from a device. Either approach is activated by clicking a button located directly in the document to be e-signed at the location where the signature would normally appear.
3. Attribution: Attribution is the process of associating the identity of an individual with his or her signature. Attribution will be performed at a Level 3 as defined in the identification section above. SBA Lenders must maintain evidence sufficient to establish that the electronic signature may be attributed to the individual purported to have signed. The following methods are acceptable means of establishing attribution: a. Selection by or assignment to the individual of a PIN, password, or other shared secret, that the individual uses as part of the signature process; b. Delivery of a credential to the individual by a trusted third party, used either to sign electronically or to prevent undetected alteration after the electronic signature using another method;	OneSpan Sign complies with this requirement to associate identity data with the electronic signature applied to the document. Authentication options for establishing attribution may be provided by OneSpan or by the Lender through the OneSpan Sign API. Where the lender provides their own authentication options that comply with this Section D, the identity and related data from their authentication options must be provided to the OneSpan Sign API.

c. “Out of band/wallet” information; d. Measurement of some unique biometric attribute of the individual and creation of a computer file that represents the measurement, together with procedures;	
4. Authentication: Authentication refers to the process used to confirm an individual’s identity as a party in a transaction. SBA requires the implementation of the NIST Special Publication 800- 63-2 Level 3 assurance level. Level 3 asserts the validity of the identity of the user with a high level of confidence. Level 3 provides multifactor remote network authentication. a. For the first factor, the following are approved authentication mechanisms: i. One time passwords sent to a user’s email, SMS, or voice; ii. In-person authentication; iii. Electronic Notary; iv. Hard token; v. Public key; vi. Biometrics. b. The second factor will be using Knowledge Based Authentication (KBA). At this level, identity proofing procedures require verification of identifying materials and information. i. SBA-approved independent sources include, but are not limited to: a) National commercial credit bureaus; b) Commercially available data sources or services; c) State motor vehicle agencies; or d) Government databases. ii. KBA requirements are listed below. a) SBA requires that the system use static (date of birth) information at a minimum.	• OneSpan Sign complies with the authentication requirements through support of multi-factor authentication. This consists of using two different factors of authentication at two different steps in the OneSpan Sign process. • 4.a.: For the first factor, OneSpan Sign supports multiple, approved authentication mechanisms. In addition, where the lender is controlling authentication, they may provide any of the approved authentication mechanisms through the OneSpan Sign API. Note that the use of in-person authentication or Electronic Notary must be provided by the lender. • 4.b.: For the second factor, knowledge-based authentication (KBA) that complies with this section must be used. OneSpan Sign supports a National Credit Bureau service option for KBA authentication. In addition, the lender may provide their own KBA service through OneSpan Sign API to comply with this section.

b) The SBA Lender must verify an individual's name and date of birth, and either the Social Security number or driver's license number. c) SBA prefers that the system utilize static and dynamic (verification of account balances). d) The system must use multiple versions of the same question to protect against scripts and hacking. e) The system must randomly order the questions to protect against scripts and hacking. f) Failed attempts must be documented and reported to the SBA Lender. g) The system should lockout the user after 3 failed attempts. h) The system should delete accounts after 90 days of inactivity.	
5. Credential Loss Management: If an SBA Lender uses a PIN, password or other shared secret or delivery of a credential as the method of establishing attribution, the SBA Lender must have a system in place to ensure the security of all issued codes or credentials. One or more of the following acceptable loss management controls must be used: a. Maintaining the uniqueness of each combined identification code and password, such that no two individuals have the same combination of identification code and password; b. Ensuring that identification code and password issuances are periodically checked, recalled, or revised; c. Following loss management procedures to electronically de-authorize lost, stolen, missing, or otherwise compromised identification code or password information, and to issue temporary or permanent replacements using suitable, rigorous controls; d. Use of transaction safeguards to prevent unauthorized use of passwords or identification codes; or e. Detection and reporting of any attempts at unauthorized use of the password or identification code to the system security unit.	• When using a OneSpan Sign built-in authentication method, OneSpan Sign provides at least one of the listed loss management controls. • Specifically, OneSpan Sign maintains the uniqueness of identification codes by ensuring that no two users can have the same identifier and no two signers within a transaction can have the same identifier. Of course a given signer can be part of multiple transactions. • OneSpan Sign supports the ability to set a password expiration rule, a password history depth and a minimum delay between password changes. For signers who do not have a OneSpan Sign account, their entire transaction can be suspended or time-limited. • OneSpan Sign offers account administrators the ability to suspend accounts in accordance with their enterprise's loss management procedures. • If a signer fails authentication too many times, they are automatically suspended, the initiator of the transaction is notified and only they can unlock the signer. • The lender must provide for their own loss management when providing their own authentication through the OneSpan Sign API.

E. Integrity of Signed Record: SBA Lenders must ensure that documents signed electronically cannot be altered without authorization and documented in an “audit trail.” The documents must be tamper sealed to ensure their validity. Industry standard encryption must be used to protect the individual’s signature and the integrity of the documents to which they are affixed. If authorized changes to the document are made, the electronic process must be designed to provide an audit trail showing all alterations, the date and time they were made, and identify who made them. The SBA Lender’s system must be designed so that the signed document is designated as the “Authoritative Copy.”	- OneSpan Sign complies with the integrity of signed records requirements of this section. - The Authoritative Copy compliance requirements and their applicability to specific types of documents are defined in Section F of this Appendix 8.
F. Electronic Signature Eligible Documents: I. Unless otherwise prohibited by law, 7(a) Lenders and 504 CDCs may utilize electronic signatures on the documents referenced below (collectively referred to as “Eligible Documents”), provided that the signatories comply with the standards outlined in this Notice. Electronic signatures cannot be used on any document identified below if the recording office requires wet signatures. a. Application Documents: Electronic signatures may be accepted on all documents requiring signatures. b. Loan Closing Documents: Electronic signatures may be accepted on all documents requiring signatures. c. Secondary Market Sale Documents: With the exception of the Form of Detached Assignment for U.S. Small Business Administration Loan Pool or Guaranteed Interest Certificate (SBA Form 1088), electronic signatures may be accepted on all documents requiring signatures. d. Servicing Action – Pre-Disbursement Documents: Electronic signatures may be accepted on all documents requiring signatures, including but not limited to change requests and supporting documentation. e. Servicing Action – Post-Disbursement Documents: Electronic signatures may be accepted on all documents requiring signatures.	This section lists any documents permitted by this SOP to be electronically signed. OneSpan Sign supports the electronic signing of any documents that meets its service requirements.

f. Liquidation Documents: Electronic signatures may be accepted on all documents requiring signatures. g. Litigation Documents: Electronic signatures may be accepted on all documents requiring signatures, unless otherwise specified by a court order. h. Post Default Action Documents: Electronic signatures may be accepted on all documents requiring signatures. i. Lender On-Boarding Documents: Electronic signatures may be accepted on all documents requiring signatures, including but not limited to lender participation applications and agreements. j. Delegated Authority Documentation: Electronic Signatures may be accepted on all documents requiring signatures, including but not limited to supplemental guaranty agreements. k. Targeted and Full SBA Lender Review Documentation: Electronic Signatures may be accepted on all documents requiring signatures.	
2. At this time, the use of electronic signatures is voluntary; however, SBA Lenders who choose to use electronic signatures must fully comply with the standards outlined in this Appendix and may be held liable for failure to adhere to these standards. This Appendix is not valid for transactions that require filing of security or other documents with a jurisdiction that does not have electronic filing capabilities. The E-Sign Act provides that section 101 of the Act (15 U.S.C. § 7001) “shall not apply to a contract or other record to the extent it is governed by the Uniform Commercial Code, as in effect in any State, other than sections 1–107 and 1–206 and Articles 2 and 2A.” 15 U.S.C. § 7003. Therefore, SBA Lenders need to comply with Uniform Commercial Code (UCC) Article 9-105 which outlines the requirements for electronic chattel paper and article 3 of the UCC which outlines the electronic equivalent of a paper promissory note, known as a “Transferrable Record”.	• Certain types of electronically signed documents must be designated as Authoritative Copies. These would be a. Chattel documents under UCC Article 9 and further defined as e-chattel under revised Section 105 of Article 9, and b. Documents that would be a note under UCC Article 3 and further defined as transferable records under the ESIGN Act (Title II) and under UETA, Section 16. • Paragraphs 3, 4 and 5 of Section F of this Appendix describe the requirements derived from UCC Article 9-105, ESIGN Title II and UETA Section 16 for designating (also known as establishing control) of Authoritative Copies of e-chattel and transferable records. • Electronic vault systems are designed to comply with the requirements for an Authoritative Copy as described above. The OneSpan Sign Service supports the optional use of supported electronic vault systems.

See SOP 50 10 5(K) for the complete paragraphs 3, 4 and 5 of Section F of Appendix 8.	
G. Vendor/Technology Selection Requirements: An SBA Lender must ensure that any electronic signature technology vendor it uses: 1. Complies with Section 101 of the ESIGN Act (http://www.gpo.gov/fdsys/pkg/PLAW106publ229/pdf/PLAW-106publ229.pdf); 2. Has the experience, capabilities, and expected longevity to meet all SBA electronic signature requirements; 3. Includes vendor agreements that contain express provisions that vendors will comply with all applicable SBA requirements pertaining to this procedural notice; 4. Includes vendor agreements language that would ensure that vendor representatives will be available to provide testimony to support the United States government in litigation regarding electronic signature data that will be introduced in court; 5. Meets disaster recovery and archiving requirements; and 6. Has adequate quality control processes.	• OneSpan will comply with the selection requirements.
H. Lender Liability for Failure to Adhere to Prescribed Standards: The Office of Credit Risk Management (OCRM) will review compliance with the ESIGN Act as well as standards outlined in this Appendix as components of lender/CDC oversight. As with all Loan Program Requirements, SBA Lenders may be held accountable for not complying with the electronic signature standards and requirements set forth in this Appendix.	• This is not a compliance requirement.
I. Quality Control: SBA Lenders must ensure their electronic signature policies and procedures meet all	• The lender must comply with these requirements.

requirements including their own oversight of the electronic signature process.

J. Record Retention:

SBA's record retention requirements are the same for both wet ink and electronic signatures. The audit trail as well as any computer systems (including hardware and software), controls, and documentation must be readily available for, and subject to, SBA inspection for the same periods as records signed in wet ink.

Federally-regulated Lenders also must adhere to the applicable record retention requirements established by their respective FFIR regulators. SBA-supervised Lenders, i.e., Small Business Lending Companies, must follow the record retention requirements set out in 13 CFR 120.461, SOP 50 10, and SOP 50 57. CDCs must follow the record retention requirements set out in SOP 50 10 and SOP 50 55.

An SBA Lender's system must be able to reproduce electronic records as accurately as if they were paper when printed or viewed. These records must be made available to SBA on request. The table below highlights SBA's retention requirements for several documents.

Loan Status	Retention Requirement
Inquiries, partial applications, and applications withdrawn, canceled or denied by the SBA.	Must be retained for 2 years after notification of incomplete application, withdrawal, cancellation or decline. After 2 years, the files may be destroyed using practices aligned with SOP 90 47 03.
General correspondence	Must be kept for 1 year.
Case-specific correspondence should be filed in the case file.	Must be retained for 10 years.
Paid off loan files (including the original application file, servicing file, and closing file).	Must be retained for 9 years after the loan is paid in full.
Files from liquidated loans (including the original application file, closing and servicing files).	Must be kept for 10 years after the loan was charged off.

- Documents signed and processed through OneSpan Sign must be stored by the lender or its designated custodian, who must comply with these requirements.