

Supporting Statement for SBA Form 1253
Certified Development Company (CDC) Annual Report Guide
(3245-0074)

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.

As the sole regulatory oversight agency for Certified Development Companies (CDCs), SBA is responsible for performing the necessary due diligence to assure that CDCs are meeting the regulatory and operational requirements of the 504 loan guarantee program. To facilitate carrying out these responsibilities, SBA requires all CDCs to compete and submit annual reports containing financial statements, operational and management information. Form 1253, *Certified Development Company (CDC) Annual Report Guide*, is the guide for meeting these annual reporting requirements. These requirements are codified in agency regulations promulgated under authority of the statute that established the CDC program (Pub. Law 96-302). (See attached regulations - 13 C.F.R. §120.824, 825, and 826 and §120.830.)

Although not required by the statute that established the 503 Program (Pub.Law 96-302), the regulations promulgated thereunder require CDCs to submit the SBA Form 1253 is the Guide for meeting these annual reporting requirements.

The form was originally approved for use by SBA for CDCs in May 1982, was last modified in 2000 to eliminate information SBA could obtain from other sources. This submission for review reflects the following revisions:

In the Introduction section, under “Timing”: Language has been changed to comply with new regulations. The language previously stated that the CDC must submit their annual report 90 days after the end of the CDC’s fiscal year and under the new regulations it is now 180 days.

A new TAB 3, IRS Form 990, Return of Organization Exempt From Income Tax- has been added. We are requesting this form be submitted in order to further enhance the ability to review the CDC’s financial position to operate. As a result of this new tab, the current TABs 3 & 4 have been redesignated as TABs 4 and 5 respectively.

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.

The annual report guide is used by all SBA district offices, the 504 Program Branch, Office of Financial Assistance, and the Office of Credit and Risk Management to obtain information from CDCs in regard to their financial condition, their compliance with regulations and the impact of their assistance to small business, as well as to prepare reports to Congress.

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 1253 is available in electronic form, on SBA's website at "www.sba.gov/banking" (click on "forms" for a listing of all forms available). The updated form will be posted as soon as OMB approves this modified collection.

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.

SBA has determined that, except for minimal identifying data, the information being requested is not obtainable through other means. In addition, as noted in number 1, SBA has analyzed the form and omitted information that is obtainable from other sources.

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.

This collection of information does not have a significant economic impact on a substantial number of small businesses or small entities. There are approximately 276 CDCs. SBA has determined that these CDCs fall under the size standard for NACIS 522298 - All Other Non-depository Credit Intermediation. The size standard is \$6.5 million in average annual receipts. SBA estimates that at least 95 percent of these CDCs do not exceed this size standard and are therefore considered small entities by this definition.

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.

This form serves as SBA's primary means of ensuring lender regulatory compliance. CDCs are regulated only by SBA. If the information were not collected, the funding and program recommendations based thereon would be outdated, inaccurate and without foundation.

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.

SBA published a Federal Register Notice requesting public comments on this information collection on February 21, 2007, (72 FR 7915-7916). No comments were received.

9. Payment or gifts.

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

No gifts or payments are provided to any 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.

This information of collection does not include an assurance of confidentiality. Nonetheless, the information collected will be protected to the extent permitted by law. The CDC's financial data are protected from disclosure under exemptions 4, 6, and 8 of the Freedom of Information Act, 5 U.S.C. 552.

11. Questions of 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.

There are no such questions on this form.

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.

All CDCs must provide an annual report. Currently there are 276 CDCs. SBA has prepared an estimate based on the fact that respondents keep the information requested in the ordinary course of business (all the loan information including jobs created and retained).

SBA estimates the time needed to complete this collection will average 28 hours at \$22.00 an hour, which is the salary of a program analyst with an average salary equal to a GS 9.

The estimated **burden hours** imposed by the use of this form are as follows:

The number of respondents annually is 276. There is 1 form per respondent. Time to complete the form is 28 hours. **Total burden hours are 7,728 hours.**

(276 respondents x 1 form per respondent = 276 x 28 hours = 7,728 total annual burden hours)

The estimated **annual cost** to the respondents of this collection would be \$170,016 and is broken down as follows:

276 CDCs per year x 28 hours – 7,728 hrs. to complete @ \$22/hr. = \$170,016

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 are no start-up or operational costs resulting from this information collection.

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.

The following is the estimated annual cost to the Federal Government/SBA:

Analyzing reports: 276 x 1 hour = 276 hours x \$22/hr. = \$6,072

(\$22.00 an hour, the salary of a program analyst with an average salary equal to a GS 9)

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.

Annual responses have increased from the 270 estimate included in the last PRA package submission for this form to 276 currently, based on a minimal increase of applications submitted from CDCs annually over the last three fiscal years.

The current OMB inventory for non-hour cost burden (item 14 of the Form 83-I0 is \$151,200. However, this amount is actually the hour cost burden, which was erroneously reported as operational and maintenance cost in the prior submission.

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.

Not applicable. The results of this collection of information will not be published for statistical use.

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; no such approval sought.

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.

Not applicable; no such exceptions sought.

B. Collection 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.