

SUPPORTING STATEMENT
U.S. Small Business Administration
Gulf Opportunity Pilot Loan Program (GO Loan Pilot)

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 applicable section of each statute and regulation that mandates or authorizes the collection of information.

In November 2005, the U.S Small Business Administration initiated, on an emergency basis, a Gulf Opportunity Pilot Loan Program (the “GO Loan Pilot”) which provides expedited small business financing to those communities severely impacted by Hurricanes Katrina and Rita (see attached 15 U.S.C. 636(a)(25)(B)). Under this initiative, the Agency provides its full (85%) guaranty on loans not exceeding \$150,000 to small businesses located in, locating to or re-locating in the parishes/counties that have been Presidentially-declared disaster areas resulting from Hurricanes Katrina or Rita, plus any parishes/counties contiguous to those parishes/counties.

The current OMB approval of these forms expires April 30, 2008. The pilot program itself has been extended through September 30, 2008, through 72 FR 53617 published September 19, 2007. A copy of this notice is attached. The purpose of this submission is to extend OMB’s approval of this collection so that the forms will remain available during the extended period. There are no proposed changes.

Current information collection:

Form 2276: Gulf Opportunity Pilot Loan Program (GO Loan Pilot) Guaranty Request (Part A), Supplemental Information for Gulf Opportunity Pilot (Part B), and Eligibility Information Required for Gulf Opportunity Pilot Loan Program Submission (Part C). This form remains unchanged. The purpose of this form is to collect applicant/borrower, loan, and eligibility information.

Form 2281: Gulf Opportunity Pilot Loan Program Borrower Information Form. This form remains unchanged. It facilitates borrower background checks and is authorized by the Small Business Act Section 7(a)(1)(B). The form also consolidates statutorily required information collected on OMB approved Form #3245-0178 – Statement of Personal History and key provisions of other forms including OMB approved Form #3245-0016 and its “Statements Required by Law or Executive Order.”

Form 2282: Gulf Opportunity Pilot Loan Program Servicing Checklist. The form is also unchanged. The purpose of this form is to allow lenders and borrowers to modify significant loan terms as needed. This form also helps facilitate workouts for troubled loans. The approval that lenders seek in submitting this form has the potential to significantly modify SBA’s position and potential for loss. Consequently, it is necessary that SBA receive this information.

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 information collected is used by SBA program managers, top Agency management, and government entities with oversight authority over SBA. These groups use the data for SBA's loan monitoring, portfolio risk management, and lender oversight. They also use the data to determine the efficiency and effectiveness of SBA loan programs, the safety and soundness of SBA's loan policies and procedures, and to set program fees consistent with the subsidy rate model. In addition, SBA uses the information to identify the number and dollar volume of Gulf Coast Pilot loans approved, the applicants/recipients of those loans and the number of jobs created and assess the effectiveness of this pilot program in providing financial assistance to the small businesses affected by hurricanes.

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.

Lenders submit the forms to the Agency's centralized and highly automated Sacramento Loan Processing Center, via the SBA's e-Tran process or fax. E-tran is an electronic submission system, which was developed in conjunction with the interagency eLoans initiative (one of the OMB sponsored 24 E-Government projects referenced in the President's Management Agenda). Submission using that system functions as follows:

- Lender A, with a high level of technological capability, can extract data from its indigenous origination systems and transfer an XML data package electronically to SBA via the Internet.
- Lender B, less sophisticated but with Internet capability, can enter data directly into an electronic application provided through the Internet.
- Lender C, unwilling or unable to transmit electronically, faxes the streamlined applications to the processing center.

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.

The information collected under this program is unique to the individual applicant and the circumstances and conditions of its business operation, as well as to the lenders participating in the program; so there are no other sources of the information. In developing the forms, SBA sought to minimize burdens by primarily considering for collection, data that the lenders already collect. One of the cornerstones of the GO Loan Pilot concept is for the program to fit as seamlessly as possible with lenders' normal business practices and data collection. This reduces lender processing costs, particularly for very small loans. The Agency, therefore, went to great lengths to minimize data collection and to avoid duplicate data collection. We note that the private sector's development of electronic data transfer software also reduces duplication of effort.

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 83-1), describe any methods used to minimize burden.

There are two broad constituencies impacted by this data request, SBAExpress lenders and prospective small business borrowers located, or locating in the Presidentially-declared disaster counties and parishes as a result of Hurricanes Katrina and Rita. While the major portion of SBA's loan volume accrues from large lenders, the Agency does have a number of small lenders that participate in SBA's loan programs. The Agency is highly aware that data collection affects the cost of processing loans, particularly for very small loans, and on a per dollar basis can be as

prohibitive for large lenders as it is for small lenders. SBA worked very carefully with large and small lenders to minimize and streamline SBAExpress data collection without sacrificing function. These same efforts have also reduced the collection of data from the Agency's principal constituency, small business borrowers.

6. Consequences If Information Is Not Collected

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.

SBA is responsible for providing small business access to capital in an efficient and timely manner, while maintaining its fiduciary responsibility to the taxpayer. This collection of information will facilitate SBA's ability to fulfill those responsibilities by providing the critical information needed by SBA to monitor and analyze loan and lender data trends and risks. Real-time monitoring allows for early warning triggers that indicate an increase in risks. This minimal reporting is a critical means of controlling the additional risk that SBA assumes in delegating authorities and expediting processing. In essence, failure to collect the information contained in the forms may compromise the effectiveness of the programs, SBA's recoveries, and the program's contribution to improving the nation's economy.

7. Existence Of Special Circumstances

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

Lenders submit to SBA loan data for SBA's loan guarantee approval on a loan by loan basis but because the lenders want SBA to approve loans on a rolling basis, they submit this information more than once a quarter. Some of the data collected includes business information. SBA has procedures to protect the information's confidentiality to the extent permitted by law. This information can be accessed only with the approval of the Office of Financial Assistance Technology Project Manager.

8. Solicitation of Public Comment

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 Federal Register notice for comments was published on October 16, 2007, at Volume 72, No. 199, page 58713. Comments were to be submitted on or before December 17, 2007. No comments were received. SBA continues to work with its lending partners to further revise, streamline, and expedite its general 7(a) loan processing procedures, the associated forms and data collections required, and the technology and procedures used to transmit that data to the SBA.

9. Payments or Gifts

Explain any decision to provide any payment or gift to respondents, other than remuneration 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.

SBA has incorporated “Statements Required by Law and Executive Orders” into Form 2281 to advise each respondent of among other things, the protections against disclosures of sensitive and confidential information under the “Freedom of Information Act (5 U.S.C Section 552), “Right to Financial Privacy Act of 1978 (12 U.S.C. Section 3401), and other significant executive orders or legislation governing federal financial assistance.

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, specific uses to be made of the information, explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

SBA collects social security numbers and information on a borrower’s ethnicity, race, and criminal records. This data collection of sensitive material has not been expanded beyond that which is currently collected via OMB approved Forms # 3245-0016 – Application for Business Loan and #3245-0178 – Statement of Personal History. The social security number is the unique identifier associating a person with a Gulf Opportunity Pilot loan. SBA also uses social security numbers to facilitate critical credit searches in the federal databases listing defaulted loans, in consumer credit databases and in fraud detection systems. SBA collects demographic information to assess the extent to which SBA’s loan programs assist all demographics. We also note that SBA has a Privacy Act System of Records that covers this information. See attached Federal Register Notice at 69 FR 58598 (September 30, 2004), Loan System – SBA 21.

12. Estimate of the Hourly Burden of the Collection of Information

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

Approximately 1,800 SBA Lenders are SBAExpress lenders. Total estimated responses to this one-year pilot program were originally based on the following: During FY 2005, there were approximately 16,000 7(a) business loans approved in those areas covered by the Presidential disaster declarations related to Hurricanes Katrina and Rita. SBA estimated that approximately half of these loans would fit within the parameters of this pilot loan program.

As of March 24, 2008, there have been 815 GO Loan submissions and approvals. This represents approximately 27 months of loan activity. The program is due to expire on September 30, 2008, which leaves approximately 6 months of loan activity left under the pilot. For the last six months, loan activity has averaged approximately 20 loans per month. This would translate to another 120 loans for the remainder of the proposed collection period.

The following is an estimated breakdown of the total burden for each form in this information collection as revised.

- Form 2281 - Gulf Opportunity Pilot Loan Program Borrower Information Form —10 minutes x 120 responses equals 20 hours. (40 hours annualized)
- Form 2276 (Parts A, B, and C) - Gulf Opportunity Pilot Loan Program Guaranty Request (Part A); Supplemental Information for Gulf Opportunity Pilot Loan Program (Part B); Eligibility Information Required for Gulf Opportunity Pilot Loan Program Submission (Part C) –30 minutes x 120 responses equals 60 hours. (120 hours annualized.)

- Form 2282 – Gulf Opportunity Pilot Loan Program Servicing Checklist—5 minutes (Estimate that a borrower will require term changes in a loan at least once in the life of a loan) 5 minutes x 120 submissions equals 10 hours. (20 hours annualized.)

Based on a loan officer's annual salary of \$20,850, broken down to an hourly rate of \$10 per hour, the annual cost to respondents would be 180 hours x \$10 per hour = \$1,800. The \$20,850 is based on statistics from the Department of Labor Occupational Outlook Handbook Earning Survey.

13. Estimate of Total Annual Cost

Provide an estimate for the total annual cost burden to respondents or recordkeepers resulting from the collection of information. Do not include hour cost burden from above.

There is only the minimums startup or operational costs associated with this collection.

14. Estimated Annualized Cost to the Federal Government

Provide estimates of annualized costs to the Federal Government. Also provide a description of the method used to estimate cost, including a 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 cost to government would be approximately \$6,700 annually. This is based on the cost of a GS-7 clerk inputting and reviewing data for SBA systems. (\$13.96 per hour x 30 minutes average for government data entry = \$6.98 per submission x 240 annual submissions of loan requests plus 240 servicing requests = \$6,700.) A loan officer is not required to review the submission because credit and eligibility (other than the completion of a short eligibility checklist that is reviewed for completeness) is delegated to the lender.

15. Explanation of Program Changes in Items 13 or 14 on OMB Form 83-I

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

There has been a significant reduction in the burden-hours originally estimated. The program was designed to principally be an interim step for business disaster loan victims until the disaster loan funds that they were eligible for were received. However, the estimated interim financing need by these small businesses was over-estimated. Either businesses re-located to non-affected areas or the disaster loan funds applied for were received instead.

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...

No publication is planned. Summary data, e.g., percentage of loans processed using this form, may be published on an ad hoc basis, or as part of various Agency reports. However, data other than that allowed under FOIA (5 U.S.C. Section 552) and RFPA of 1978 (12 U.S.C. Section 3401) and as set forth on the "Statements Required by Laws and Executive Orders," or other applicable laws will not be published.

17. Expiration Date for Collection of this Data

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 the Certification 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.

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

Not applicable