

Paperwork Reduction Act Submission
Lender Transcript of Account
(OMB Control #3245-0132)

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.

Section 7(a) of the Small Business Act, as amended, provides authority for the Small Business Administration to make guaranty loans to small businesses through participating lending institutions. The Loan Guaranty Agreement (SBA Form 750), signed by the participating lender and 13 CFR 120.520 specify that upon default of an SBA guaranteed loan, lender may demand that SBA purchase the guaranteed percentage of the outstanding balance. Also, under the Guaranty Agreement lenders are required to furnish the SBA with a certified transcript of loan account. The SBA Form 1149, "Lender Transcript of Account," was designed as a uniform means for lenders to certify the loan account when requesting SBA to purchase its guaranteed share of the loan. Only minor changes were made to this form.

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 SBA Form 1149 is completed by the lender as part of its submission requesting SBA's purchase of its guaranty on a defaulted 7(a) loan. The form breaks down the application of payments received into principal and interest. It also identifies interest rate changes for loans with a fluctuating rate of interest and the rate in affect at the time of default. SBA uses the information to assist in determining the date the loan went into default and whether the loan was disbursed and serviced and that payments were properly applied to principal and interest, in compliance with the Loan Guaranty Agreement and in accordance with the terms and conditions of the loan authorization. This form is an optional form however most financial institutions do not have recordkeeping systems that detail the required information and as a result they use the 1149 in order to expedite the processing of their guaranty purchase request.

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.

In an effort to comply with the requirements of the Government Paperwork Elimination Act (GPEA), the President's Management Initiative on E-Gov and related statutes or Executive Orders, the Agency is moving towards a complete electronic collection, transmission and analysis environment for the business loan process. When electronic transmission is fully implemented, it is possible that this form can be electronically transmitted. Currently, approximately 10 percent of the forms are faxed to SBA as part of a request for guaranty purchase or as part of a post purchase review, or submitted electronically. In general, lenders prefer to mail the guaranty purchase information to SBA rather than fax the information or transmit it electronically. Meanwhile, Form 1149 is available on line in PDF-fillable format.

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.

Only the minimal identifying information collected on this form is available to SBA from other sources. SBA does not collect the majority of the information until a lender submits a request for purchase of the guaranteed portion of a loan. Until that time, any available information will not have the same relevance and utility to the Agency's purchase review process.

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.

There will be no significant impact on small businesses or other small entities. The 1149 is completed by the lending institution submitting the purchase request, not small businesses. SBA minimizes the impact by reviewing and simplifying the forms whenever possible. The forms request the minimum information necessary to determine that the loan amortized in compliance with SBA's rules and that SBA is paying the correct amount when it purchases its guarantee.

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 assists the Agency in verifying that the loan was amortized correctly and that the amount the lender is requesting SBA to pay in honoring its guaranty is correct. Failure to make such a verification could result in overpayment to the lender by the Agency which would likely increase the cost of the program to the Government and future borrowers who must pay guaranty fees to SBA based on the projected cost of the program.

7. Existence of special circumstances.

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

None of the special circumstances applies.

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.

The required public comment notice was published on January 29, 2008 at 73 FR 19. 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.

SBA will not provide any gifts or payments.

10. Assurance of confidentiality.

Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

“Statements Required by Law and Executive Order,” is attached to each 7(a) loan application form signed by the lender and the loan applicant. This form advises each respondent of, among other things, the protections against 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), and other significant executive orders or legislation related to financial assistance from the Federal government. SBA protects the information collected to the extent permitted by law.

11. Questions or 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.

The collection of data on this form does not contain any questions of a sensitive nature.

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.

Following is estimate of the hour burden for this collection of information.

Number of Respondents: 3,600 (projected number of purchases)
Frequency of Responses: 1 (per purchase)
Annual Hour Burden: 1 hour to complete x 3,600 = 3.600 hours

Each regular 7(a) lender requesting SBA to purchase its guaranty is required to submit a Form 1149. Therefore, for the estimated 3,600 purchases, there are 3,600 transcripts of accounts.

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.

The annualized cost to respondents is approximately 3,600 x \$29.00/hour (equivalent to a GS 12) x 2 hours = \$208,800.

It is estimated that approximately 3,600 transcript of accounts will need to be completed per year as part of the guaranty purchase process. Lenders spend approximately two hours completing the form. The average salary of a lender loan officer is estimated to be equivalent to a GS 12, which is \$29.00 per hour.

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.

It is estimated that approximately 3,600 transcript of accounts will need to be completed per year as part of the guaranty purchase process. The average time it takes the Herndon National Guaranty Purchase Center to review the form is approximately one/half hour. The average salary of the reviewing official is a GS 12 at \$29.00 per hour:

\$29.00 per hour x .30 hour to review x 3,600 forms = \$52,200

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.

The burden item has remained the same as noted in the last PRA submission. The volume of regular 7(a) purchases is not increasing very much. The growth in guaranty purchases is in SBAExpress and the form is not required (it's optional).

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 uses.

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.

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.

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.