

Supporting Statement for Paperwork Reduction Act Submission
SBA Lender, Microloan Intermediary, and NTAP Reporting Requirements

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.

This is a new information collection. SBA is authorized under the Small Business Act to conduct off-site reviews and monitoring of SBA Lenders, Intermediaries, and Non-Technical Assistance Providers (NTAPs). 15 U.S.C. §§ 634(b) (7) and 650. In order to facilitate carrying out these oversight activities, SBA has revised its Lender Oversight regulations, specifically 13 C.F.R. §§ 120.1025 and 1055, to require these entities to conduct self-assessments and submit corrective action plans to SBA if requested. These plans will inform SBA how the lender intends to address deficiencies identified during the review and examination process and the time line for implementing the plan including the target deadline. SBA Standard Operating Procedures for On-site SBA Lender Reviews and Examinations (SOP 51 00) also provides for these and other review/examination related collections of information.

2. How, By Whom and For What Purpose will Information 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.

Generally, SBA will use self-assessments and corrective action plans to oversee and monitor the SBA performance and compliance of SBA Lenders, Microloan Intermediaries, and NTAPs. Since self-assessments are a cost effective means of overseeing and monitoring performance and compliance, SBA will require these lenders, intermediaries and NTAPs to conduct self-assessments in lieu of targeted or limited scope reviews. The corrective action plans/reports will also be used to assess corrective actions taken to address deficiencies identified during reviews and examinations of SBA lending activity.

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 intends to accept transmission of this information via e-mail, data diskette, or facsimile. However, each lender is generally free to select the method for collecting pertinent information used in preparing and submitting its self-assessment and corrective action plans.

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 collection of the self-assessments and corrective action plans are required to oversee and monitor the SBA performance and compliance of the SBA Lenders, Microloan Intermediaries, and NTAPs and facilitate corrective action. Currently, there is no similar information available that can be used for this purpose. Since each assessment or corrective action relate to a specific review or examination, existing information will not provide meaningful data for SBA to carry out its oversight responsibility.

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.

Although some of these SBA Lenders, Microloan Intermediaries, and NTAPs may be small under SBA size regulations, this collection of information will not have a significant economic impact on a substantial number of these entities.

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.

Failure to collect and review this information would increase the risk of losses and have an adverse impact on the costs of operating the SBA guaranteed financial assistance programs. Less frequent collection of this information would subject the Agency to greater ambiguity and lessens our understanding of the true operating conduct of the regulated entities, which would also increase the risk of program losses.

7. Existence of Special Circumstances

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

No special circumstances exist; however, if it is determined that a lender is operating in a state of financial distress, SBA may require more frequent reporting.

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)... Summarize public comments received... and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden. 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.

Notice of this information collection with request for public comment was published as part of the proposed rule for SBA's Lender oversight in the Federal Register on October 31, 2007. See 72 FR 61752. The comment period ended on December 31, 2007.

In general SBA received several comments on the information collections resulting from the revised regulations. None of those comments specifically concerned the self assessments or corrective action plans that are the subject of this particular submission. For instance, the National Association of Government Guaranteed Lender, Inc. (NAGGL) commented that SBA should provide detailed information on the steps that SBA has taken to establish information-sharing opportunities between SBA and the Federal Regulators, and an analysis of whether the cost burden on the lender, particularly the costs for onsite review could be reduced if such relationships were forged. At this time SBA has no costs data that would enable it to estimate the costs of information sharing; however SBA is willing to explore the issues raised as part of the agency's ongoing dialogue with its lenders.

NAGGL also commented on SBA's online loan processing system –E-Tran and suggested that SBA expand this system, or create a similar parallel system that would provide for the automation of this information collection. SBA expects to make enhancements to E-Tran as resources allow, and intends to consider NAGGL's comments in developing any enhancements.

Other comments on related but separate information collections are specifically addressed in the PRA submission for the information collection approved under OMB Control 3245-0077 -- Reports to SBA: Provisions of 13 C.F.R. 120.461-464, 120.473, 120.1510 (amended).

9. Payments of Gifts

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

No payment or gift will be provided to 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

The information collected will be protected to the extent permitted by law, including 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.

No personal financial information or information of a sensitive nature is required.

12. Estimate of Hourly Burden of the Collection of Information

Provide estimates of the hour burden of the collection of information, as 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.

SBA estimates requiring 150 corrective actions a year. The estimated time to prepare and submit these plans is 5 hours or 750 hours per year at a cost of \$430 per response for a total of

\$64,500 annually. The cost would consist of \$30 for administrative staff to prepare the corrective action plan (one hour x \$30/hour) and \$400 for CFO composition time (four hours x \$100/hour).

SBA also estimates collecting 20 self-assessments a year, each requiring about 5 hours (100 hours annually) to complete at a cost of \$430 per assessment or an annual total of \$8,600. This cost would consist of \$30 for administrative staff to prepare the self-assessment certification or report (one hour x \$30 hour) and \$400 for CFO composition time (four hours x \$100 per hour).

These estimates are based on an informal survey of SBA Lenders by the Office of Credit Risk Management financial analysts. CPA and CFO salary rates used were based on information published by the American Institute of Certified Public Accountants (AICPA) for CPA-credentialed individuals (external auditor or internal CFO) estimated at \$100. The salary rates for administrative professionals were based on information published by the International Association of Administrative Professionals.

13. Estimate of Total Annual Cost

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

Other than outlined above, there are no additional costs resulting from the collection of information.

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

SBA will not incur any significantly measurable direct costs for the lender oversight functions related to this information collection. Any additional indirect costs to would be covered by the already-existing OCRM infra-structure.

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

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

This is a new information collection request.

16. Collection of Information whose Results will be Published

For collection of information whose results will be published, outline plans for tabulation and publiaction. Address complex analytical techniques... Provide time schedules for the entire project...

There are no plans to publish data from this collection of information, other than aggregated data as part of annual program reporting,

17. Expiration Date for Collection of this Date

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, SBA has no plans to restrict display of an OMB approval date.

18. Exception 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.