



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, DC 20416

Wendy Liberante, OMB Desk Officer
Office of Information and Regulatory Affairs
Office of Management and Budget
725 17th Street, N.W.
Washington, DC 20503

Dear Ms. Liberante,

The U.S. Small Business Administration (SBA) requests emergency processing of the attached collection of information, which consists of SBA Form 1086, Secondary Participation Guaranty Agreement, and SBA Form 1502, Guaranty Loan Status and Lender Remittance Form -- OMB Approval Number 3245-0185. We request approval of this request by November 19, 2008.

On November 13, 2008, SBA published an Interim Final Rule, which introduces an additional base rate and weighted average coupon pools to address the extraordinary situation in the credit markets that is severely limiting the availability of financing for small businesses. These changes are effective immediately and are intended to assist in enabling lenders to continue flows of capital to small businesses and stabilizing the secondary market for SBA loans. However, in order to allow lenders to take advantage of these new program enhancements, immediate revisions to Form 1086 are necessary, since that form guides participation in the SBA's Secondary Market Program. For purposes of this emergency review SBA has made only one change to this form. Specifically, new fields have been added to allow lenders to identify the base rate used in originating the loan, as the Prime Rate, the LIBOR Rate, or the SBA Alternate Peg Rate.

In recent months, SBA's programs have been impacted by the broader credit market disruptions. Many SBA lenders are having immediate liquidity and profitability challenges, causing small businesses to be less able to access new sources of credit. A focal point of this disruption is the inability to lend and sell SBA guaranteed loans using a base rate comparable to their own cost of funds. This problem has led to sharp declines in SBA guaranteed lending to small businesses and severely limited activity in buying and selling SBA loans and loan pools by secondary market investors. Without secondary market sales, many lenders are not able to fund new loans. The net effect is that lenders are less and less willing to extend credit to small business borrowers at a time when it is critically needed. SBA's recent regulatory change addressed issues governing base interest rates SBA lenders can charge on their SBA guaranteed loans and secondary market sales.

Full implementation of this regulation is essential to SBA's ability to carry out its small business lending program in the current disrupted economic environment. It is imperative that SBA roll out the improved secondary market program as quickly as possible in order to address the issues preventing capital from getting to small businesses.



Small businesses are responsible for approximately two-thirds of all new job creation and are essential to a stable economy. If OCA were to comply with the normal clearance procedures, it would run the risk of not being able to effectively implement the recent changes designed in time to address the pressing economic issues that are impeding small business loans from being made.

To further facilitate the timely roll-out of LIBOR base rate change, I also ask that OMB exercise its authority to waive the 60-day comment Federal Register Notice required under 5 CFR §1320.8(2)(d)(1). Under that provision, OMB may, at its discretion, shorten the 60-day period or waive it completely; we request a complete waiver.

If emergency approval is granted, SBA is requesting an expiration for the maximum period allowed. Upon approval, SBA will immediately begin the steps necessary to request standard approval for this information collection. .

I appreciate your prompt response to this urgent matter and I look forward to receiving your approval for these revised collections.

Sincerely yours,



Jacqueline White
Paperwork Clearance Officer

Enclosures