

SUPPORTING STATEMENT  
U.S. Small Business Administration  
SBA Form 172, "Transaction Report on Loan Serviced by Lender"

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.*

The Small Business Act provides authority for this Agency to make immediate participation loans and guaranteed loans (deferred participation) through participating lenders. 15 U.S.C 636(a). If a loan is in default, SBA regulations specifically state that the agency will purchase the guaranteed portion of the loan, subject to certain conditions. See 13 C.F.R. 120.520. If the guarantee is purchased, those regulations require the lender to remit to SBA amounts recovered from liquidation of assets or received as payments on loans. SBA's SOP 50 51 2A, Loan Liquidation and Acquired property, expressly requires the lender to use SBA Form 172 after purchase to remit these funds to SBA. See attached Chapter 19-11 of SOP. The form is used to report (and remit) payments to SBA on purchased loans.

Changes to Form 172: This submission includes the following minor changes to the form. These changes are intended to clarify what is being requested and improve usefulness of the information requested.

- (1) Block 11, Application of Repayment – Deleted lines for Lender Share and SBA Share for Repayment Amount, and included new line "Less Recoverable Expenses\*";
- (2) Block 13 changed from "Comments" to "Comments \*(Explanation of Recoverable Expenses)";
- (3) Block 15 changed from "Signature and Title" to "Contact Name";
- (4) Block 16 changed from "Telephone No." to "Telephone No. Ext";
- (5) Block 17 changed "Report Date" to "Current Date"; and
- (6) At the top of the Form 172 reference "OMB Approval No. 3245-0131 Expiration Date 06/30/20XX";
- (7) At the bottom of the Form 172 in the box "Please Note" add an additional sentence stating "You are not required to respond to this request for information unless it displays a valid OMB approval number and expiration."
- (8) At the bottom of the Form 172 changed REF.: from "SOP 20-23" to "SOP 50-51"

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.*

SBA uses the collected information to monitor activity on the purchased loans; update its loan receivable accounts, facilitate overall financial reporting and meet requirements for developing and maintaining adequate accounting systems that are in compliance with general accounting standards.

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.*

Pay.Gov is a secure government wide financial management transaction portal managed by the U.S. Department of Treasury's Financial Management Service, and developed in conjunction with the Federal Reserve Bank. Within the Pay.Gov system an electronic version of the SBA Form 172 was developed to allow lenders to report recoveries from liquidation of assets or payments received on loans and remit payments electronically to SBA by using either a checking or savings account debit processed through the Automated Clearing House (ACH).

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 only information on this collection that is duplicated is necessary for identification of Lenders and borrowers. The remaining information is unique to each month's reporting and is not available elsewhere.

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 information has no significant economic impact on small businesses.

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.*

The collection of this information cannot be done less frequently. Lenders must apprise SBA of its pro rata share of any payments that the lenders receive and the remaining balance in loan receivables. Failure to submit this information would increase the risk of financial loss to the Agency and adversely impact its ability to maintain sound financial and programmatic management controls.

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 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.*

A request for comment was published in the Federal Register on December 11, 2008 at Volume 73, Number 239 FR 75487-75488. SBA did not receive any comments. A copy of this Federal Register notice is attached. Agency consulted with a few lenders in developing burden estimates for this information collection.

9. Payment of gifts

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

There has been no payment or gift 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.*

The loan information reported on Form 172 is protected in accordance with the Freedom of Information Act, 5 U.S.C § 552. In addition, the information is maintained in an accounting system that is only accessible by authorized personnel with a need to know.

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.*

This question does not apply. Questions asked are not of a sensitive nature.

12. Estimate the 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..*

There are approximately 24,779 forms submitted annually with an average of 2,065 submitted monthly. Since the banks have the information based on the collection, there is no additional compilation of data. The time to review and process the form has been estimated at 10 minutes per form, according to consultations with a few potential respondents to determine the burden. There is no additional burden to submit the form, since the form is sent with the payment. Estimation of cost was based on the average number of forms submitted each month within a fiscal year.

Annualized Cost to Banks

|             |  |
|-------------|--|
| 4,130       | (Hours to prepare – 10 minutes per form) |
| x 12.00     | (Approx. \$25,000 per annum for clerk)   |
| \$49,560.00 | Estimated cost to Banks                  |

13. Estimate the total annual cost burden for submission

*Provide an estimate for the total annual cost burden to respondents or record keepers resulting from the collection of information...*

There are no capital or start-up costs associated with this information collection.

14. 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, 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.*

Annualized Cost to SBA

|             |   |
|-------------|---|
| 4,130       | (Hours to review and process – 10 minutes per form) |
| x 19.50     | (GS-7 level, hourly rate)                           |
| \$80,535.00 | Estimated cost to SBA                               |

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*

The annual burden hours have increased because the portfolios of participating loans being serviced by lenders has increased from 1,676 to 2,065.

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, this information is not published.

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 since we are not seeking any exceptions from the requirement to display the expiration date.

18. Exceptions to 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*

None.

19. Is this ICR related to the American Recovery and Investment Act of 2009 (ARRA)?

Yes \_\_\_\_\_ No X

**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.