

REQUEST FOR EMERGENCY REVIEW
Paperwork Reduction Act Submission
SBA Form 1502 R (Lender's Disbursement and Collection Report)

Introduction

SBA currently requires all its participating lenders to provide the Agency with monthly information on each of the loans guaranteed by SBA in its portfolio so the Agency may know their status (approved but undisbursed, partially disbursed, fully disbursed, current, past due, delinquent, in liquidation, etc.) as well as the balance. Such information is currently collected on SBA Form 1502. (OMB Control Number 3245-0185)

The 1502 was designed to collect month end status information for loans that generally had one or two disbursements and on payment of principal & interest per month. This form was also used to obtain month end data on revolving lines of credit but because revolving lines have continual disbursement and repayment activity through out the month, the form did not disclose the actual disbursement and repayment history of the line.

To address this issue, SBA is proposing to create a new loan status form which would be applicable for revolving lines of credit made under the new Dealer Floor Plan Pilot Initiative (DFP). This new proposed form is designed to collect information about DFP lines of credit that the regular 1502 does not because in this program there are multiple disbursements and payments each month rather than the predictable paydown experienced in term loans.

Data to be collected includes the total number and dollar amounts of disbursements as well as number, type, and dollar amounts of collections occurring between the reporting periods. This gives the reviewer a fuller understanding of how the specified balance being reported as of a given date was achieved.

For instance, a Dealer Floor Plan Revolving Line of Credit for \$750,000 may have a \$500,000 balance one month and a \$510,000 balance the next. With the SBA Form 1502 R there would not be enough detail for a reviewer to know what happened between the two report dates. There could have been \$120,000 in disbursements and \$130,000 in collections (with \$15,000 of those collections going to interest and \$5,000 going to fees) which results in the \$10,000 balance increase.

Depending on the time it takes a business to cycle through its cash (inventory turnover days + receivable turnover days – payable turnover days) a business with a \$1,000,000 revolving line of credit could receive total disbursement of \$3,000,000 and collections totaling \$3,200,000 or more (for principal, interest, and fees) in a single year. The current 1502 report is not designed to give the same insights into such activity as the proposed 1502 R. The proposed SBA Form 1502 R also asks the lender to report on the service fees they charge the borrowers as fees are part of the collections the lender receives.

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.

SBA is developing a guaranty loan pilot initiative (Dealer Floor Plan Pilot Initiative) to make available 7(a) loan guarantees for lines of credit that provide floor plan financing to eligible dealers of titleable assets, including but not limited to automobiles, motorcycles, boats (including boat trailers), recreational vehicles and manufactured housing (mobile homes). Lenders that participate in this pilot are required to “periodically report on disbursement and collection activity” for these lines of credit.” See the Federal Register Notice on the Dealer Floor Plan Pilot Initiative that has been attached. This proposed new form, SBA Form 1502R will be used to gather this disbursement and collection data, including the total number and dollar amounts of disbursements, as well as the number, type, and dollar amounts of payments that lender received.

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 will provide information on the actual amounts of disbursements and collections for these loans. With this data, Agency personnel in a loan servicing function will be able to determine if the loan is revolving and if the lender is receiving payments as the borrower receives payments from its customers. The form will also help personnel in subsidy model building to know the total amount of funds a business receives over the course of a specified time period rather than just static information from one day a month. Such information would be used in establishing subsidy models for revolving loan programs.

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.

The subject form will be available to SBA’s lending partners on both SBA’s website and the website of SBA’s fiscal and transfer agent. It is anticipated that the development of this form will continue after approval so lenders will be able to complete this form in a PDF format and submit it by electronic mail or by facsimile. However, during its period of introduction (up to 6 months) the form will be manually provided by the lenders.

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.

This is the only source available to document continual disbursement and collection activities. The information collected is unique to each individual loan. SBA will continue to review this information collection process to identify and avoid any areas in which information collected would be duplicative.

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.

Collected information does not impact small businesses or other small entities. The information is collected from lending institutions participating in the 7(a) loan program, and none of them are small.

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 this information would impact SBA's ability to administer its Dealer Floor Plan Pilot Initiative to the fullest extent required in 13 CFR §120.410(2).

Sec. 120.410 Requirements for all participating Lenders.

(2) Maintaining satisfactory SBA performance, as determined by SBA in its discretion. The 7(a) Lender's Risk Rating, among other factors, will be considered in determining satisfactory SBA performance. Other factors may include, but are not limited to, on-site review/examination assessments, historical performance measures (like default rate, purchase rate and loss rate), loan volume to the extent that it impacts performance measures, and other performance related measurements and information (such as contribution toward SBA mission);

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 that apply.

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.

This information collection is being submitted under the emergency review procedures of 5 C.F.R. 1320.13, which includes a request for waiver of the 60-day public comment notice.

9. **Payments or gifts.**

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

Neither payment nor gift will be provided to the respondents.

10. **Assurances of confidentiality.**

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

Any confidential or privileged information that is collected will be protected to the extent permitted by law, including but not limited to the Freedom of Information Act, 5 U.S.C. § 552 and the Right to Financial Privacy Act, 12 U.S.C. § 3401.

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.

Not applicable.

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.

SBA makes the following burden estimates for this collection. SBA estimates 485 annual responses for Form 1502 Revolving in the forms first year based on 300 lines of credit being guaranteed between July 1, 2009 and September 30, 2010 and the report being required quarterly based on the date of disbursement. The time to complete the form by the lender the first time is estimated to be 20 minutes. Completion times for subsequent reports will be 15 minutes.

The 485 annual responses and 140 hours for the first year is based on the following schedule of estimated approvals and completion time.

	7/09	8/09	9/09	10/09	11/09	12/09	1/10	2/10	3/10	4/10	5/10	6/10	7/10	8/10	9/10
Approvals	5	10	15	15	15	20	20	25	25	25	25	25	25	25	25
8/09															
9/09															
10/09	5														
11/09		10													
12/09			15												
1/10	5			15											
2/10		10			15										
3/10			15			20									
4/10	5			15			20								
5/10		10			15			25							
6/10			15			20			25						
7/10	5			15			20			25					
8/10		10			15			25			25				
9/10			15			20			25			25			
Reports	20	40	60	45	45	60	40	50	50	25	25	25	0	0	0
Min 1st	100	200	300	300	300	400	400	500	500	500	500	500	0	0	0
Min Oth	225	450	675	450	450	600	300	375	375	0	0	0	0	0	0
Total	325	650	975	750	750	1000	700	875	875	500	500	500	0	0	0

Total minutes 8,400 / 60 = 140 hours

SBA estimates that in July of 2009 there will be 5 DFP lines of Credit approved. From these 5 approvals there would be a total of 20 reports (5 per quarter) required between October 1, 2009 and September 30, 2010. The first report is estimated to take 20 minutes to complete because it would be the first time for the lender and there is a learning curve. 20 minutes times 5 reports is 100 minutes. These same 5 approvals would also require 5 quarterly reports for the other three quarters in FY 2010 for a total of 15 reports. Each of these reports is estimated to take 15 minutes to complete because the lender will have familiarity by the times these reports are due. 15 reports times 15 minutes is 225 minutes which is the estimate in time for the subsequent reports on the loans estimated to be approved in July of 2009. The total number of minutes the lenders are projected to work on completing Form 1502 R for the loans approved in July of 2009 are 325.

Form 1502 R

Estimated Number of Approvals in FY 2010	300
Estimated Number of Responses in FY 2010	485
Hours per Response	4,500/60 or 75 hours for the first report 3,900/60 or 65 hours for all subsequent reports
Estimated Total Annual Burden Hours	140 first year

The estimates are based on informational consultation with different SBA lenders.

Based on a lender loan officer's annual salary of \$58,510 broken down to an hourly rate of \$28 per hour, the annual cost to respondents would be 140 hours x \$28 = \$3,920. The \$58,510 is based on statistics from the Department of Labor Occupational Outlook Handbook Earning Survey. See Attachment 3 – Labor Survey Excerpt for Financial Analysts in the “Securities and commodity contracts intermediation and brokerage” category. This figure could be slightly reduced with development of electronic submissions.

SBA personnel will need to spend an estimated 10 minutes per 1502 R entering the data onto an Excel spread sheet so the Office of the Chief Financial Officer will have this data to use when establishing the model for dealer floor plan lines of credit. This work will be performed by a GS 5 or GS 6 where their salary in Arkansas (the location for SBA Commercial Loan Service Center) is close to \$40,000 per year or \$19.23 per hour, or 32 cents a minute. 10 minutes times 480 reports times 32 cents is approximately \$1,540.

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.

There are minimal costs other than those outlined in #12 such as photo copying and postage.

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 the Federal Government is approximately \$1,540. This assumes a cost for SBA of \$3.20 per response to provide and process the form.

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.

Not applicable; this is a new collection.

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.

It is not anticipated that the data collected will be published or made available for the public. The purpose of the data collection is for SBA's internal monitoring of lenders' performance and subsidy model construction.

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.

OMB 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.

In Section 19 of OMB Form 83-I, item I indicates the use of statistical survey methodology in the collection of information. Because each line of credit is unique in its structure and because SBA must account for each line, SBA cannot employ a statistical survey methodology to obtain worthwhile data on the revolving lines of credit guaranteed by SBA.

B. Collections 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 does not employ statistical methods.