

Support Statement for SBA Form 1506 (3245-0193)  
Servicing Agent Agreement – 504 Program

**A. Justification**

This information collection was previously provided on an emergency basis in June 2009 as a result of changes to SBA's 504 loan program by the American Recovery and Reinvestment Act of 2009 (Recovery Act), (P. L. 111-5). Section 504 of the Recovery Act authorizes SBA to make available a debt refinancing option for certain 504 loans. The loans are intended to provide much needed relief to small businesses by enabling them to restructure existing debt and more favorable rates while seeking new financing to cover expansion expenses. Since minimal time has lapsed since the last submission of this information collection and in anticipation of the expiration date of 12/31/09, there has been minimal change to the average number of annual respondents during this timeframe.

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.*

Although not required by Public Law 96-302, which established the 503 Program, the regulations promulgated under that statute require Certified Development Companies (CDCs) and borrowers to certify as to the authorized use of the borrowed funds and to execute a Servicing Agent Agreement with the Central Servicing Agent (CSA) which constitutes acceptance by the CDC and the Borrower of the terms of the Master Servicing Agent Agreement (13 CFR §120.954(a)). Form 1506 is used to evidence that servicing agreement. Instruction format has been added to the top portion of the 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 Servicing Agent Agreement (SBA Form 1506) is used by SBA to determine if the loan proceeds have been used for the purposes authorized. The form is also used by the borrower to: a) appoint a servicing agent; b) acknowledge the debenture and note terms; c) agree to timely monthly payments to the CSA; d) agree to the payment of certain fees connected with the closing and servicing of the loan and the debenture; e) provide wire transfer instructions to the recipient; f) acknowledge the prepayment penalties associated with the debenture; and g) acknowledge receipt and acceptance of the loan and debenture closing documents subsequent to the sale of the debenture by SBA and the CSA.

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 Form 1506 is available to the public in electronic form, on SBA's website at <http://www.sba.gov/aboutsba/sbaprograms/elending>, (click on "forms" for a listing of all forms

available). The form will be posted as soon as OMB approves this collection. SBA currently collects these materials in a paper form only because a signature is needed. However, SBA is considering ways in which SBA can collect some or all of this information in electronic 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.*

The information requested on this form is necessary to ensure proper disbursement of loan proceeds as well as the acknowledgement by the CDC, the borrower and the Servicing Agent of all borrower fees being assessed as well as the parties' duties and responsibilities under the Servicing Agent Agreement. Except for minimal identification information, such as names, addresses, and loan numbers, etc., the information requested is unique to each transaction and is unavailable by other means. There is no other duplication of information.

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.*

The collection involves information on the small businesses and their projects being assisted. The information required is readily available from the businesses' records and the interim lender for the project being financed. There is no significant economic impact on these 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.*

Data is collected only at the time of the loan/debenture closing. If the information were not collected, SBA could not properly determine whether the borrowers, CDCs, and the CSA were complying with program requirements in 13 CFR §120.954(a).

7. Existence of special circumstances.

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

Not applicable. SBA does not require the collection of data to be conducted in a manner inconsistent with the guideline in CFR 5, Section 1320.5.

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 on the availability of data, frequency of collection, clarity of instructions ...*

The Federal Register notice for comments was published on June 26, 2009, Volume 74, No. 122, page 30648. Comments were to be submitted on or before August 25, 2009. No comments were received.

9. Payment or gifts.

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

There were no payments or gifts 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.*

No assurances of confidentiality are given to any party that executes this form. However, the information collected is maintained under conditions designed to restrict access to those agency personnel with a need to know, and is protected to the extent permitted by law, including the Freedom of Information Act, 5 USC 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... should include reasons why the agency considers the questions necessary; specific uses for 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. This collection contains no 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.*

The number of loan closings for FY 2007 was 8,406; FY 2008 was 8,779; and FY 2009 was 6,306 bringing the total to 23,491 for the last three fiscal years. The number of loan closings so far for FY 2010 is approximately 434. There is one (1) servicing agreement per loan. Therefore, the average number of responses per year would equal approximately 7,830. It takes approximately one (1) hour to complete a response, or an estimated 7,830 of annual burden hours. The estimate of hours per response is based on experience of CDCs.

The information on this form is prepared by an employee who is compensated at a rate equivalent to a government employee with an average grade of a GS-12/GS-13, whose salary is averaged to be approximately \$33.00 per hour. The estimated annual cost to the respondents of this collection would therefore be \$258,390 (7,830 closings for the annual period multiplied by 1 hour to complete @ \$33.00/hour = \$258,390.00).

As a result of an economic downturn, the Agency experienced a decrease in loan volume. As a result of the Recovery Act, the Agency experienced an increase in volume however this increase in volume has not resulted in the loan volume returning back to prior years of the economic downturn and comparing to 2008 where the loan volume was approximately a couple thousand less than the year before. As a result, there is no actual increase in volume at this time.

13. Estimate of 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 start-up costs to the respondents.

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.*

Cost to Federal Government for collection is \$82,215.00

Reviewing data        7,830 @ .25 hours @ \$ 42/hour = \$82,215.00

(This form is reviewed by an employee with an average grade of a GS-14 whose salary is averaged to be approximately \$42.00 per hour.)

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 current PRA submission reflects total loan closings for FY's 2007, 2008, and 2009 at 23,491. The average for these three fiscal years is 7,830. The annual average responses have decreased. This decrease is based on the overall three (3) year average decrease in loans in the last three (3) fiscal years. There has been an increase in loan volume, but not greater than the year or two before.

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 use.

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 usage.