

SUPPORTING STATEMENT  
U.S. Small Business Administration  
**Gulf Opportunity Pilot Loan Program (GO Loan Pilot)**  
**(OMB # 3245-0355)**

**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.*

In November 2005, the U.S Small Business Administration initiated, a Gulf Opportunity Pilot Loan Program (the “GO Loan Pilot”) under the authority of 15 U.S.C 636(a)(25(B) [copy attached] to provide expedited small business financing to those communities severely impacted by Hurricanes Katrina and Rita. Under this initiative, the Agency provides its full (85%) guaranty on loans not exceeding \$150,000 to small businesses located in, locating to or re-locating in the parishes/counties that have been Presidentially-declared disaster areas resulting from Hurricanes Katrina or Rita, plus any parishes/counties contiguous to those parishes/counties. This information collection enables SBA to meet the standards for credit programs, including those set forth in the Federal Managers Financial Integrity Act (FMFIA) codified at 31 U.S.C. 3512 *et. seq.*, and OMB Circulars A-123 (Management’s Responsibility for Internal Controls) and A-129 (Policies for Federal Credit Programs and Non-tax Receivables).

On August 30, 2010, SBA published a notice in the Federal Register (75 FR 53007) extending the pilot through September 30, 2011. A copy of this notice is attached. The purpose of this submission is to extend OMB’s approval of this collection so that the forms will remain available for use in the program during the extended period.

Current information collection:

Form 2276 (Part A): Gulf Opportunity Pilot Loan Program (GO Loan Pilot) Guaranty Request. This form is a cover page to be completed by a delegated 7(a) Participant (“Participant” or Lender) when faxing Form 2276 (Part B) to the Sacramento Loan Processing Center. (Most applications are submitted to SBA using electronic submission where a cover page is not required.)

Form 2276 (Part B): Supplemental Information for Gulf Opportunity Pilot. The purpose of this form is to collect applicant/borrower, loan, and eligibility information. This form is completed by the 7(a) Participant (“Participant” or Lender). This form includes identifying information regarding the lender, loan terms, use of proceeds, and other information such as the number of jobs created or retained.

Form 2276 (Part C): Eligibility Information Required for Gulf Opportunity Pilot Loan Program Submission. This form is completed by the Participant. It consolidates eligibility criteria regarding the loan applicants, including use of proceeds and general rules applicable to the SBA loans.

Form 2281: Gulf Opportunity Pilot Loan Program Borrower Information Form. It facilitates borrower background checks and is authorized by the Small Business Act Section 7(a)(1)(B). The form also consolidates statutorily required information collected on OMB approved Form #3245-0178 – Statement of Personal History and key provisions of other forms including OMB approved

Form #3245-0016, Application for Business Loans, and its “Statements Required by Law or Executive Order.”

Form 2282: Gulf Opportunity Pilot Loan Program Servicing Checklist. The purpose of this form is to allow lenders and borrowers to modify significant loan terms as needed. This form also helps facilitate workouts for troubled loans. The approval that lenders seek in submitting this form has the potential to significantly modify SBA’s position and potential for loss. Consequently, it is necessary that SBA receive this information.

#### Form Changes:

SBA has expanded the section on use of proceeds on Form 2276 (Part B) to include additional information when the loan proceeds are being used to facilitate a change of ownership of a business. Also some of the descriptions of the data elements have been modified to be clearer. There is virtually no increase in burden hours estimated since only 1-2 percent of all SBA loans are for a change of ownership and since the dollar limit of this program is \$150,000. Most SBA loans are to establish new businesses, to provide working capital or machinery and equipment to existing businesses, or to purchase owner-occupied business real estate. In addition, these forms have been modified to be consistent with changes in 7(a) policy as reflected in SOP 50 10 5(C) (which became effective October 1, 2010). Making sure that the forms are consistent with these modified policies as well as changes to the Small Business Act has resulted in a small delay in the clearance process within SBA and therefore in submitting the PRA package to OMB for its review and concurrence.

### **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 is used by SBA program managers, top Agency management, and government entities with oversight authority over SBA. These groups use the data for SBA’s loan monitoring, portfolio risk management, and lender oversight. They also use the data to determine the efficiency and effectiveness of SBA loan programs, the safety and soundness of SBA’s loan policies and procedures, and to set program fees consistent with the subsidy rate model. In addition, SBA uses the information to identify the number and dollar volume of Gulf Coast Pilot loans approved, the applicants/recipients of those loans and the number of jobs created and assess the effectiveness of this pilot program in providing financial assistance to the small businesses affected by hurricanes.

### **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.*

Lenders submit the data collected via fax or E-Tran (an electronic submission methodology) to a centralized and automated SBA processing center. Currently approximately 80 percent of the Gulf Opportunity loan transactions are submitted electronically using E-Tran. SBA encourages lenders especially those with delegated authority to submit through E-Tran rather than by fax.

### **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 collected under this program is unique to the individual applicant and the circumstances and conditions of its business operation, as well as to the lenders participating in the program; so there are no other sources of the information. In developing the forms, SBA sought to minimize burdens by primarily considering for collection, data that the lenders already collect, and therefore would not need to recreate just for SBA. We note that the private sector's development of electronic data transfer software also helps to reduce duplication of effort.

#### **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 83-1), describe any methods used to minimize burden.*

There are two broad constituencies impacted by this data request, SBA Express lenders and prospective small business borrowers located, or locating in the Presidentially-declared disaster counties and parishes as a result of Hurricanes Katrina and Rita. However, as indicated in question number 12 below, this information collection has not impacted a significant number of these lenders or borrowers. In any event, one of the cornerstones of the GO Loan Pilot concept is for the program to fit as seamlessly as possible with lenders' normal business practices and data collection. The Agency, therefore, went to great lengths to minimize data collection and to avoid collecting duplicate data. This reduces lender processing costs, particularly for very small loans.

#### **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.*

SBA is responsible for providing small business access to capital in an efficient and timely manner, while maintaining its fiduciary responsibility to the taxpayer. This collection of information will facilitate SBA's ability to fulfill those responsibilities by providing the critical information needed by SBA to monitor and analyze loan and lender data trends and risks. Real-time monitoring allows for early warning triggers that indicate an increase in risks. This minimal reporting is a critical means of controlling the additional risk that SBA assumes in delegating authorities and expediting processing. In essence, failure to collect the information contained in the forms may compromise the effectiveness of the programs, SBA's recoveries, and the program's contribution to improving the nation's economy.

#### **7. Existence of Special Circumstances**

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

Lenders submit to SBA loan data for SBA's loan guarantee approval on a loan by loan basis but because the lenders want SBA to approve loans on a rolling basis, they submit this information more than once a quarter. Some of the data collected includes confidential business information. SBA has procedures to protect the information's confidentiality to the extent permitted by law. This information can be accessed only with the approval of the Office of Financial Assistance Technology Project Manager. Also, see number 10 below.

#### **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.*

The Federal Register notice for comments was published on April 21, 2010, at Volume 75, No. 76, page 20870. Comments were to be submitted on or before June 21, 2010. No comments were received. SBA continues to work with its lending partners to further revise, streamline, and expedite its general 7(a) loan processing procedures, the associated forms and data collections required, and the technology and procedures used to transmit that data to the SBA.

### **9. Payments or Gifts**

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

No gifts or payments are provided 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.*

SBA has incorporated “Statements Required by Law and Executive Orders” into Form 2281 to advise each respondent of among other things, the protections against disclosures of sensitive and confidential information under the “Freedom of Information Act (5 U.S.C Section 552), “Right to Financial Privacy Act of 1978 (12 U.S.C. Section 3401), and other significant executive orders or legislation governing federal financial assistance.

### **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.*

SBA collects social security numbers and information on a borrower’s ethnicity, race, and criminal records. The social security number is the unique identifier associating a person with a Gulf Opportunity Pilot loan. SBA also uses social security numbers to facilitate critical credit searches in the federal databases listing defaulted loans, in consumer credit databases and in fraud detection systems. SBA collects demographic information to assess the extent to which SBA’s loan programs assist all demographics. We also note that SBA has a Privacy Act System of Records that covers this information. See attached Federal Register Notice at 74 FR 14890 (April 1, 2009) Loan System – SBA 21.

### **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*

Because this program is available only to those small businesses along the Gulf, participating lenders are mostly small, regionally based lenders. Approximately 20 7(a) lenders out of the 1,800 lenders that are SBA Express lenders participate in this program.

As of September 30, 2010, there were 558 loans approved in FY 2010. SBA estimates approximately the same activity for FY 2011.

The following is an estimated breakdown of the total burden for each form in this information collection as revised.

Form 2276 (Part A): Gulf Opportunity Pilot Loan Program (GO Loan Pilot) Guaranty Request – 5 minutes. The estimated burden hours are 5 minutes times 112 submissions (20 percent of all submissions) or 9 hours. Based on a GS-11 loan officer's annual salary, the hourly rate is \$26. The annual cost to respondents would be 9 hours x \$26 per hour = \$234.

Form 2276 (Part B): Supplemental Information for Gulf Opportunity Pilot – 15 minutes. The estimated burden hours are 15 minutes x 560 applications or 140 hours. Based on a GS-11 loan officer's annual salary, the hourly rate is \$26. The annual cost to respondents would be 140 hours x \$26 per hour = \$3,640.

Form 2276 (Part C): Eligibility Information Required for Gulf Opportunity Pilot Loan Program Submission – 10 minutes. The estimated burden hours are 10 minutes x 560 applications or 93 hours. Based on a GS-11 loan officer's annual salary, the hourly rate is \$26. The annual cost to respondents would be 93 hours x \$26 per hour = \$2,418.

Form 2281: Gulf Opportunity Pilot Loan Program Borrower Information Form – 10 minutes. The estimated burden hours are 10 minutes x 560 applications or 93 hours. Based on a GS-11 loan officer's annual salary, the hourly rate is \$26. The annual cost to respondents would be 93 hours x \$26 per hour = \$2,418.

Form 2282: Gulf Opportunity Pilot Loan Program Servicing Checklist – 5 minutes. (Estimate that a borrower will require term changes in a loan at least once in the life of a loan) 5 minutes x 560 submissions equals 47 hours. Based on a GS-11 loan officer's annual salary, the hourly rate is \$26. The annual cost to respondents would be 47 hours x \$26 per hour = \$1,222.

### **13. Estimate of Total Annual Cost**

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

There is only de minimums startup or operational costs associated with this collection.

### **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 government would be approximately \$9,408 annually. This is based on the cost of a GS-7 clerk inputting and reviewing data for SBA systems. (\$14.00 per hour x 30 minutes average for government data entry = \$6.98 per submission x 112 annual submissions of loan requests plus 560 servicing requests = \$9,408.) A loan officer is not required to review the submission because credit and eligibility (other than the completion of a short eligibility checklist that is reviewed for completeness) is delegated to the lender.

### **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*

There has been an increase of 194 responses due to the increase in usage of the program by lenders.

**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...*

No publication is planned. Summary data, e.g., percentage of loans processed using this form, may be published on an ad hoc basis, or as part of various Agency reports.

**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.*

Not applicable; 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*

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