

Department of the Treasury, Departmental Offices  
Small Business Lending Fund (Community Development Loan Fund)  
Request for Emergency Processing and Approval  
Application and Lending Plan

Emergency Justification

The Department of the Treasury (Treasury) requests emergency processing and approval of the collection of information related to the Small Business Lending Fund (SBLF), which was created when the President signed into law the Small Business Jobs Act of 2010 (P.L. 111-240) on September 27, 2010.

As one part of the \$30 billion Small Business Jobs Act, the legislation provides up to \$300 million in needed capital to Community Development Loan Funds (CDLF) in order to increase lending to America's small businesses. The application process for Community Development Loan Funds is almost identical to that which is in place for the larger \$30 billion Small Business Lending Fund. The Application and Lending Plan are, in fact, only slight variations on the forms that were approved by OMB in December. Slight modifications were made for the unique provisions in the law. Also note that we expect about 150 Community Development Loan Funds to apply for this program.

The collection of information is needed to certify that these institutions ultimately receive funding are indeed eligible institutions as defined by the legislation and that their plans to increase lending to small businesses meet the legislation's intent. Treasury cannot reasonably comply with the normal clearance procedures under 5 C.F.R. Part 1320 because the legislation requires that all applications be processed by September 27, 2011.

Department of the Treasury, Departmental Offices  
Supporting Statement and Request for Clearance  
CDLF Application and Lending Plan

1. Circumstances necessitating the collection of information

To participate in the SBLF program, Community Development Loan Funds are required to submit an Application Form to Treasury. The purpose of the three-page Application is to collect basic identifying and contact information, but more importantly, to determine the institution's eligibility with respect to the six requirements defined in the legislation:

1. Is the institution exempt from taxation under the IRS Code of 1986?
2. Is the institution certified by the Community Development Financial Institution Fund?
3. Has the institution been in operation for the past three years?
4. Does the institution have a clean audit opinion for 2010, and audited financial statements for the previous 3 years?
5. Does the institution have total assets less than \$10 billion?
6. Does the institution meet the five financial tests (concerning Net Assets, Loan Loss, Net Income, Liquidity and Equity)?

This information is collected on a three-page form with check boxes and one-line answers.

Along with their Application, the institution is also required to submit a Lending Plan that describes their intention to increase lending to small businesses in their community. The Lending Plan (Plan) is an open-text form where the institution answers broad questions concerning how they intend to use the SBLF capital to address the needs of small business and the projected increase in small business lending that they plan to achieve in the next two years. In the Plan, the institution also describes their planned outreach activities aimed at small businesses employing veterans, women and minorities, as required by the legislation. During their five-year participation in the SBLF program, the institution may choose to update their Plan to reflect changing lending expectations and new outreach activities.

2. Use of the data

The Application is used by Treasury to establish the institution's eligibility to participate in the SBLF program. The legislation requires that the institution meet the six criteria listed above.

The Lending Plan is one input used by Treasury to decide whether to purchase the institution's stock. Specifically, the Lending Plan contains the institution's justification of its planned increase in small business lending and describes the methods it will use to create this increase. As required by the legislation, the plan also describes how the institution will outreach to veteran, minority and women-owned small businesses

### 3. Use of information technology

In most cases, the collection of information will be via electronic means, using standard desktop tools. The Application and Lending Plan will be submitted to Treasury via electronic mail as attachments. They will be provided as “fillable” PDF files. For those institutions without email capability, Treasury will permit physical mail or facsimile transmissions.

### 4. Efforts to identify duplication

For Application and Lending Plan:

The information is not collected or reported through any other collection processes. Although easily assembled by the applicant institutions, the materials and information collected by the Application and Lending Plan are unique to the legislation.

### 5. Impact on small entities

The Small Business Lending Fund is intended for institutions total assets of less than \$10 billion as defined in the legislation.

### 6. Consequences of less frequent collection and obstacles to burden reduction

Data collected by the Application and Lending Plan are required by the legislation. The information must be collected for interested institutions to participate in the program and receive capital intended to increase small business lending.

### 7. Circumstances requiring special information collection

Not applicable.

### 8. Solicitation of comments on information collection

Treasury has engaged a marketing firm with significant experience in the banking industry. This firm has designed a number of information collection forms for the banks that Treasury is targeting for the SBLF program. Specifically, the firm has designed the Application and Lending Plan for CDLFs to mirror the corresponding forms already in widespread use for Subchapter C banks under the \$30 billion Small Business Lending Fund. The forms for these Subchapter C banks have been approved by OMB in December 2010 and have been completed by over 600 banks with no complaints about unnecessary reporting burden or difficulty of use. We have made a special effort to simplify and reduce the data collection burden.

### 9. Provision of payments to recordkeepers

Not applicable.

10. Assurance of confidentiality

Any confidential information provided voluntarily by SBLF recipients will be maintained as confidential consistent with applicable provisions of the Trade Secrets Act and Freedom of Information Act.

11. Justification of sensitive questions

Not applicable.

12. Estimated burden of information collection

**Application**

Estimated number of respondents: 150 (maximum)  
Estimated frequency of response: Once at outset  
Estimated burden hours per respondent: Four hours  
Recordkeeping: Thirty minutes  
Total burden per respondent: 4.5 hours  
Total annual burden: 675 hours (for first year only)

**Lending Plan**

Estimated number of respondents: 150 (maximum)  
Estimated frequency of response: Once at outset, each year thereafter for two years  
Estimated burden hours per respondent (first year): Three hours  
Estimated burden hours per respondent (2nd-3rd years): One hour  
Recordkeeping: 30 minutes annually  
Total burden per respondent: 6.5 hours total, over three years  
Total annual burden: 525 hours for first year (3.5 hours x 150 applicants)  
Total annual burden: 225 hours for second and third years (1.5 hours x 150 applicants)

13. Estimated total annual cost burden to respondents

Assuming the average cost of an employee is \$70 per hour, the total cost burden for a participating institution is as follows:

Total annual cost burden (first year)  
4.5 hours + 3.5 hours = 8.0 hours  
8.0 hours x \$70/hour = \$560

Total annual cost burden (second and third years)  
1.5 hours  
1.5 hours x \$70/hour = \$70

The collection of the information contained in the Application and Lending Plan creates a direct benefit to the institution in the form of low cost capital. If a institution increases its small business lending, it can receive the benefit of a 2-percent coupon rate on millions of dollars of capital. In choosing to participate in the SBLF program, the institution has determined the benefit of this low cost capital for small business lending exceeds the cost of data reporting.

14. Estimated cost to the federal government

The collection of the information contained in the Application and Lending Plan is essential for the execution of the SBLF program as defined in the legislation. These are not additional reporting requirements for solely statistical purposes – this data is, in fact, the basis of the program. The information collected creates direct benefit to the institution (lower coupon rate) and to the public (increased small business lending and employment). The cost to the Federal Government of collecting and processing this information is embedded in the overall administration of the program and cannot be isolated.

15. Reasons for change in burden

This is a new collection.

16. Plans for tabulation, statistical analysis and publication

Not applicable.

17. Reasons why displaying the OMB expiration date is inappropriate

The OMB control number will be displayed in the interim rule.

18. Exceptions to certification requirement of OMB Form 83-I

Not Applicable.