

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 the 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 pilot program, 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).

The GO Loan Pilot was originally set to expire on September 30, 2006, but through a series of extensions is currently effective until September 30, 2011. It has been extended through December 31, 2013. In light of this, SBA is requesting an extension of this information collection so that the forms will remain available for use in the program during the remainder of the pilot.

Changes to the current information collection:

Form 2276 (Part A): Gulf Opportunity Pilot Loan Program (GO Loan Pilot) Guaranty Request. This form serves as 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. Approximately 10 percent of GO Loan Pilot loans are faxed. However, beginning October 1, 2011, SBA will be requiring SBA Express lenders to submit all loan application through SBA’s electronic application submission system (E-tran) after a short transition period of one month. This equates to four (4) Form 2276 (Part A) submissions projected annually for FY 2012 and none for FY 2013. Since a Paperwork Reduction Act submission is required for forms totaling more than 10 submitted annually, this form is being removed from this supporting statement.

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. The information 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:

The Gulf Opportunity Pilot Loan Program is only available to SBA Express lenders. Beginning October 1, 2011, SBA will be transitioning SBA Express lenders to submit all loan application using SBA’s electronic application submission system (E-tran). The transition period is expected to end on October 31, 2011, after which all submissions must use E-tran. At that time, Form 2276 (Part A) will not be necessary. Due to the expected low volume use (4) annually for FY 2012 and no volume for FY 2013, this form is being removed from this submission. Form 2276 (Part C) includes one new statement regarding the personal resource test.

### **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 as part of SBA’s loan monitoring, portfolio risk management, and lender oversight processes, which help to determine the efficiency and effectiveness of SBA loan programs, and the safety and soundness of SBA’s loan policies and procedures. Some of the information is also used as a factor in the program subsidy formulations. In addition, SBA uses the information to identify the number and dollar volume of Go Loan Pilot loans approved, and the number of applicants and eventual recipients of those loans, and the number of jobs that the business intends to retain or create as a result of the loan.

### **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 E-Tran (an electronic submission methodology) to a centralized and automated SBA processing center. SBA will be requiring lenders to use the electronic submission system for the submission of all applications under their delegated authority beginning October 31, 2011.

### **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 the GO Loan Pilot 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. In developing the forms, SBA sought to minimize burdens by primarily requesting data that the lenders already collect, and therefore would not need to recreate just for SBA.

#### **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.*

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, which we believe helps to reduce 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 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 and SBA's recoveries on the loans.

#### **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. See response to 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 February 4, 2011, at Volume 76, No. 24, page 6508. Comments were to be submitted on or before April 5, 2011. 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 data collections, 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 provided notice regarding various statutory, regulatory and executive orders requirements as apt of 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 the 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*

*See comment on Form 83-I Q.13 re number of respondents.*

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 12, 2011, there were 471 loan approved. SBA estimates a year-end loan volume of 520 loans (a decrease of approximately 40 loans from the prior year). And SBA is estimating approximately the same activity for FY 2012 and FY 2013.

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. This form is a coversheet used by those lenders that fax in the loan information to SBA. Approximately 10 percent of loan requests are faxed in. Beginning October 1, 2011, SBA will be requiring all lenders with delegated authority, including SBA Express lenders, to use SBA's electronic submission system instead. There will be a short transition period of one month until October 31, 2011. The estimated burden hours are 5 minutes x (520 applications per year divided by 12 months times 10 percent that are faxed = 4 applications.) Because of the low projected volume of 4 annually for FY 2012 and none for FY 2013, this form is being removed from this submission.

Form 2276 (Part B): Supplemental Information for Gulf Opportunity Pilot – 15 minutes. The estimated burden hours for the 20 lenders are 15 minutes x 520 applications or 130 hours. Based on a GS-11 loan officer's annual salary, the hourly rate is \$26. The annual cost to respondents would be 130 hours x \$26 per hour = \$3,380.

Form 2276 (Part C): Eligibility Information Required for Gulf Opportunity Pilot Loan Program Submission – 10 minutes. The estimated burden hours for the 20 lenders are 10 minutes x 520 applications or 87 hours. Based on a GS-11 loan officer's annual salary, the hourly rate is \$26. The annual cost to respondents would be 87 hours x \$26 per hour = \$2,262.

Form 2281: Gulf Opportunity Pilot Loan Program Borrower Information Form – 10 minutes. The estimated burden hours for the small business applicants are 10 minutes x 520 applications or 87 hours. Based on a GS-11 loan officer's annual salary, the hourly rate is \$26. The annual cost to respondents would be 87 hours x \$26 per hour = \$2,262.

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 48 submissions per year equals 4 hours. Based on a GS-11 loan officer's annual salary, the hourly rate is \$26. The annual cost to respondents would be 4 hours x \$26 per hour = \$104.

### **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 are very nominal 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 \$335 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 48 annual submissions of servicing requests = \$335.) .

**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 a decrease of 40 responses due to the decrease in usage of the program by lenders in FY2011. In addition, servicing requests were over-estimated previously. The estimate is now 10 percent of the annual approval volume. Finally, all loan application submissions will be electronic, thus deleting any requirement for the review and input of faxed information by SBA employees as well as the need for a coversheet to be completed by the lender.

**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...*

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