

SUPPORTING STATEMENT FOR SBA FORMS 25, 33, 34 AND 1065
(APPLICANTS FOR SBA-GUARANTEED LEVERAGE)

A. Justification

1. Circumstances necessitating the collection of information. The Small Business Investment Act of 1958, as amended (Act), authorizes the Small Business Administration (SBA) to license Small Business Investment Companies (SBICs) and to regulate their operations [Sec. 301 (c) and Sec. 308 (c)]. The Act authorizes the SBA to provide two types of guaranteed funding to SBICs: (i) debt type funding through the sale of debentures; and, (ii) equity type funding through the sale of certain rights in Participating Securities [Sec. 303 (b)]. SBA currently provides funding only in the form of debentures.

To receive SBA-guaranteed funding, an SBIC must complete the documents and forms required as part of SBA's two-part leverage application process. Part 1: File a commitment application to receive a commitment from SBA to reserve funds for up to five fiscal years. All the forms submitted for approval under this extension submission (SBA Forms 25, 33, 34 and 1065) (OMB Control # 3245 0081) are part of this commitment application, and are the only forms in that application package that require OMB's approval. Part 2: File draw application(s) to receive funds by drawing a portion (or all) of the outstanding committed debenture funds, as needed. All the forms required in the draw application are either: certifications, or have been approved by OMB under approval number 3425-0063. Draw applications are accepted for processing by SBA twice a month.

SBA response to OMB Terms of Clearance. OMB has requested SBA to consider the following: a) ways to consolidate these collections, and b) making these forms available via web-based forms. We have considered both of these and are responses are provided below.

- a) Ways to consolidate these collections. After consideration, we must conclude that we are unable to consolidate the following forms (SBA Form 34, SBA Form 33, SBA Forms 25). Each of these forms serves as authorization for a separate and distinct action. For example, the SBA Form 34, Bank Identification, provides the authorization needed by our funding agent to credit the SBIC's designated account with the proceeds of any draw. It must be provided by SBA to the funding agent each time funds are approved for possible draw. Therefore, the form needs to continue to be separate. SBA Form 25 provides the language needed to authorize the SBIC's application for a commitment. The SBA Form 33 is used, when needed, to provide SBA's agent with the authority to disburse some or all of the proceeds drawn by an SBIC to refund a maturing debenture(s).

SBA will consider whether it can categorize the SBA Form 1065, Applicant Assurance of Compliance as a certification in the future and combine it with other certifications required in a commitment application letter.

- b) Making these forms available via web-based forms. The SBA has begun working with a contractor to convert Investment Division forms to be web-based, beginning with SBA Form 468 (OMB Control # 3245-0063). This initial conversion project will enable SBA to develop appropriate IT security and other protocols needed for the effective use of web-based software. After the first conversion has been successfully completed, the Investment Division plans to convert other forms to web-based in successive phases. The forms under OMB Control # 3245-0081 will be considered for conversion as part of this effort.
2. How, by whom, and for what purpose information will be used. The forms are required as part of a SBA debenture commitment application to provide SBA with the necessary information to make informed and proper credit decisions. The forms are also needed to establish eligibility for leverage, and to demonstrate need for funds by SBICs. SBA Forms 25, 34 and 1065 are completed and filed with each commitment application. SBA Form 33 is also filed as part of the commitment application, but is only required to be filed when a portion of any approved commitment is to be used to refinance existing debenture leverage. Since the vast majority of commitment applications are intended when drawn to be used to provide new financing to small businesses, and not to refinance exiting debenture leverage, SBA Form 33 is seldom required. Three versions of SBA's Form 25 are provided (Form 25 PIGP, Individual General Partner Certificate, Form 25 PC, Corporate Resolution, and Form 25 PGCP, Corporate General Partner Resolution). SBA Form 25 is a model form of Corporate Resolution or General Partners Certificate that authorizes the SBIC to enter into funding arrangements. An applicant SBIC only needs to submit one SBA Form 25 per each commitment application using the version of Form 25 that is applicable to its structure. SBA Form 34 provides the account information needed to credit an SBIC's designated account with drawn funds. SBA Form 1065 is an agreement not to use funds for purposes contrary to the public interest (as defined by SBA Regulations).
3. Technological collection techniques. All SBIC commitment application forms and instructions are available on the SBA's Investment Division Web Page (<http://www.sba.gov/content/sbic-application-debenture-commitment>). Some of the forms submitted in the commitment application, including SBA Form 25, require original signatures. The Investment Division, SBA does not yet have the capability to accept electronic signatures. In addition, all mail currently delivered to SBA by the U.S. Postal Service is irradiated prior to its delivery. The irradiation process causes documents to prematurely age and become damaged and brittle. As a result of the above reasons and to insure its timely delivery, each commitment application must be express mailed to SBA.

4. Avoidance of Duplication. The type of information requested in the application process is current data regarding the business entity and its present financial status and is not reported in any other format. Therefore, the information is not available from any other source, nor is there any duplication of information or documentation.
5. Impact on small business or other small entities. The information requested is obtained only from SBICs who are seeking leverage. There is no significant economic impact on a substantial number of these entities. Only information deemed essential to provide proper legal documentation, and allow for both responsible financial review and efficient administration of the funding process is requested of this group of SBICs.
6. Consequences if collection of information is not conducted. The collection of this information is necessary for the effective and efficient administration of the SBIC Program. Important credit decisions are based on the information submitted in leverage applications. The required forms are also necessary to demonstrate legal authority for leverage transactions. Without the information collected through these forms, SBA would not have adequate documentation on which to base credit decisions and, therefore, could not soundly administer this Federal program.
7. Existence of special circumstances. There are no special circumstances that would cause the collection of information from respondents in any manner listed in this item.
8. Solicitation of public comment. Published in the Federal Register on June 21, 2011, Vol. 76, No. 119, Pages 36163 and 36164. No comments received.
9. Payment or gifts. Respondents are not provided any payment or gift for providing the information required by these application documents.
10. Assurance of confidentiality. The information collected includes financial data relative to an SBIC's application for guaranteed leverage, which is protected from disclosure under the Freedom of Information Act; specifically, exemptions 4, 6 and 8 allow SBA to withhold financial data on individual companies. The information collected will be protected to the extent permitted by law.
11. Questions of a sensitive nature. Information of a sensitive nature is not requested of respondents.
12. Estimate of the hourly burden of the collection of information. The burden HOUR calculation for each form is made as follows:

SBA Form Numbers	<u>25</u>	<u>34</u>	<u>1065</u>	<u>33</u>	<u>Total</u>
Est. No. of Responses per respondent	1	1	1	1	
Est. Hrs to Complete Form	0.333	0.333	0.200	0.333	
Est. Minutes to Compete Form	20 min	20 min	12 min	20 min	
Est. Annual Submissions	<u>x48</u>	<u>x48</u>	<u>x48</u>	<u>x2</u>	
Estimated Total Hour Burden	16.00	16.00	9.60	0.67	42
hrs					

The hour and annualized cost calculations are based on completion time estimates provided by previous use of forms by respondents and current wage and mailing costs.

The annualized cost of this collection to respondents is estimated to be \$1,056. The following calculations are based on the time it takes an executive secretary to complete each form:

SBA Form Numbers	<u>25</u>	<u>34</u>	<u>1065</u>	<u>33</u>	<u>Total</u>
Cost to Complete Forms @ \$25/Hr.	\$8.33	\$8.33	\$5.00	\$8.33	
Total Estimated cost Per Submission	\$8.33	\$8.33	\$5.00	\$8.33	
Estimated Number of Submissions	<u>x48</u>	<u>x48</u>	<u>x48</u>	<u>x2</u>	
	\$399.84	\$399.84	\$240.00	\$16.66	\$1,056

13. Estimate of total annual cost burden. There are no capital or start-up costs associated with the submission of these forms. The operational cost of express mailing the commitment application to SBA is estimated to be \$960. The mailing cost is calculated as follows: [48 (Annual Submissions) {times} \$20 (Estimated Cost of Express Mail)].

14. Estimated annualized cost to the Federal government. The annualized cost to the Federal government for this collection is estimated to be \$785 based upon review of the data by a GS 13, Financial Analyst whose salary is \$45.00 per hour. This calculation is made as follows:

SBA Form Numbers	<u>25</u>	<u>34</u>	<u>1065</u>	<u>33</u>	<u>Total</u>
Cost of Review & Analysis	\$11.25	\$2.50	\$2.50	\$2.50	
Total Estimated Cost Per Submission	\$11.25	\$2.50	\$2.50	\$2.50	
Total Estimated Number of Submissions	<u>x48</u>	<u>x48</u>	<u>x48</u>	<u>x2</u>	
Total Est. Annual Cost to Fed. Govt.	\$540.00	\$120.00	\$120.00	\$5.00	\$785

15. Explanation of program changes in Items 13 or 14 on OMB Form 83-I. The volume of commitment applications received has remained at approximately 48 for the last two fiscal years. The number of applications for refunding maturing debentures has declined during this time and thus the estimated aggregate annual hours for completion has been reduced by 1 hour to 42 hours. However, the estimated cost for SBIC staff completing the application has increased from \$20

to \$25 per hour. In addition, the estimated cost of express mailing the completed forms to SBA has increased from \$15 to \$20 per application.

16. Collection of information whose results will be published. This information is not intended for publication.
 17. Expiration date for collection of information. Not applicable.
 18. Exceptions to certifications in Block 19 on OMB Form 83-I. Not applicable.
- B. Collection of Information Employing Statistical Methods.
This collection of information does not employ statistical methods.