

**Supporting Statement for Paperwork Reduction Act Submission**  
**SBA Lender, Microloan Intermediary, and NTAP Reporting Requirements**

OMB Control Number 3245-0365

**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.*

This information collection is used by SBA's Office of Credit Risk Management (OCRM) to facilitate its oversight and monitoring of SBA's 7(a) Lenders, Certified Development Companies ("CDCs"), Microloan Lenders and Non-Lending Technical Assistance Providers ("NTAPs"). The required reporting may be in conjunction with off-site or on-site reviews as authorized by 15 U.S.C. 634(b)(7), 650, and 697; 13 CFR 120.1025, 1050, and 1055; and SBA's SOP 50 10 5(D) Lender and Development Company Loan Programs, SOP 51 00 On-site Lender Reviews and Examinations, and SOP 50 53 Lender Supervision and Enforcement.

Amendments to Collection of Information

Under the currently approved information collection, SBA only requires reporting on self-assessments and corrective action plans. However, as SBA's lender oversight program has developed, SBA has identified a need to expand the scope of the lender oversight reporting requirements. As a result, SBA is revising this information collection to require the respondent lenders to submit the following additional information: (i) on-site review/exam plans; (ii) interim reports (e.g., quarterly financial reports and service reports on each loan in CDCs' portfolio that is 60 days or more past due) (iii) authorized disclosures as to pending enforcement actions instituted by other regulators, (iv) secondary market reports from certain higher risk lenders (e.g. those with enforcement order(s)) in conjunction with certain secondary market loan sales, or maintenance of escrow accounts authorized by 15 U.S.C. 634(g), and 13 CFR 120.612 and 613; (v) other compliance, performance or ad hoc reports or information required by SBA in carrying out its oversight function and (vi) Microloan Intermediary lender oversight reporting.

**2. How, By Whom and For What Purpose will Information 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.*

Generally, SBA will use the information reported to oversee and monitor the SBA performance and compliance of SBA Lenders, Microloan Intermediaries, and NTAPs. In some cases, reporting serves as a form of increased supervision allowing SBA to timely assess a lender's risk to SBA programs. Since reporting is a cost effective means of overseeing and monitoring performance and compliance, where appropriate, SBA may require these lenders, Intermediaries and NTAPs to report in lieu of targeted or limited scope reviews. SBA may also use reporting to plan, facilitate, or lessen the burden of off-site or on-site reviews. Furthermore, SBA may consider the information reported for the following purposes: 1) in determining lenders' participation in delegated

authority programs, 2) approving Secondary Market loan sales by higher risk lenders; or 3) in determining the need for increased supervision or enforcement. As for corrective action plans/reports, this reporting may inform SBA about how the lender is addressing or intends to address deficiencies that may be identified during the review and examination process and the time line for implementing the corrective plans. SBA may then use these reports to assess the adequacy of the lender's corrective action. Finally, SBA may share information with other regulators (e.g., the FDIC or the Federal Reserve) to assist with supervision, regulation, and program responsibilities and avoid redundant information requests.

### **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 generally accepts transmission of this information via e-mail, data diskette, or facsimile. However, each lender is generally free to select its own method of collecting pertinent information to enable the lender to prepare and submit the applicable reports.

### **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.*

Reporting is required to oversee and monitor the SBA performance and compliance of the SBA Lenders, Microloan Intermediaries, and NTAPs and facilitate corrective action. Currently, there is no similar information available that can be used for this purpose. In any event, since each assessment or corrective action relates to a specific review, existing information would not provide meaningful data for SBA to carry out its oversight responsibility. Furthermore, only SBA Lenders can provide SBA with that lender's updated policies and procedures and its loan payment history for reconciling with SBA's records. For OCRM Secondary Market information requests, SBA cannot obtain lender's credit memo or escrow account balance without assistance from the lender or alternatively, the assistance of the escrow agent, in the case of the escrow.

### **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.*

Although some of these SBA Lenders, Microloan Intermediaries, and NTAPs may be small under SBA size regulations, this collection of information will not have a significant economic impact on a substantial number of these entities.

### **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.*

Failure to collect and review this information would increase the risk of losses and have an adverse impact on the costs of operating the SBA guaranteed financial assistance programs. Less frequent collection of this information would subject the Agency to greater ambiguity and lessens our understanding of the true operating conduct of the regulated entities, which would also increase the risk of program losses.

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

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

No special circumstances exist; however, if it is determined that a lender is operating in a state of financial distress or a lender's risk levels are concerning, SBA may require more frequent reporting.

#### **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)... Summarize public comments received... and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden. 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.*

Notice of this information collection with request for public comment was published in the Federal Register, Volume 76, No. 174, page 55720, on September 8, 2011. The comment period ended on November 7, 2011. No comments were received.

#### **9. Payments of Gifts**

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

No payment or gift will be provided 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*

The information collected will be protected to the extent permitted by law, including the Freedom of Information Act, 5 U.S.C. 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. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.*

No personal financial information or information of such a sensitive nature is required.

## **12. Estimate of Hourly Burden of the Collection of Information**

*Provide estimates of the hour burden of the collection of information, as 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.*

Our best estimate at this time is that this informational collection will apply to 2,422 respondents.

OCRM estimates requiring 160 corrective actions or other compliance or performance reporting a year. The estimated time to prepare and submit these plans/reports is 10 hours or 1,600 hours per year at a cost of \$526.16 per response for a total of \$84,185.60 (160 responses x \$526.16 per response) annually. The cost would consist of \$20 for administrative staff to prepare the corrective action plan/report (one hour x \$20/hour) and \$506.16 for financial manager composition time (nine hours x \$56.24/hour).

OCRM also estimates collecting 22 self-assessments a year. Each self-assessment requires about 10 hours (220 hours annually) to complete at a cost of \$526.16 per assessment or an annual total of \$11,575.52 (22 responses x \$526.16 per response). This cost would consist of \$20 for administrative staff to prepare the self-assessment certification or report (one hour x \$20/hour) and \$506.16 for financial manager composition time (nine hours x \$56.24 per hour).

OCRM estimates 188 on-site review/examination related (e.g., review planning) information requests per year. The estimated time to prepare and submit this information is 4 hours per response or 752 hours per year at a cost of \$224.96 per response for a total of \$42,292.48 (188 responses X \$224.96 per response) annually. The cost would consist of \$56.24 an hour for financial manager composition time.

OCRM estimates 1,000 interim reports (e.g. quarterly financial reporting) per year. The estimated time to prepare and submit this information is 2 hours per response or 2,000 hours per year at a cost of \$76.24 per interim report or for a total of \$76,240 (1,000 responses x \$76.24 per response) annually. The \$76.24 cost per report would consist of \$20 for administrative staff to prepare the interim report (one hour x \$20/hour) and \$56.24 for financial manager composition time (one hour x \$56.24/hour).

OCRM estimates 1,596 authorized supervisory or enforcement action disclosures a year. Enforcement action disclosures include reporting by lenders if they are subject to a regulatory order. OCRM estimates 1 hour per response or 1,596 hours per year to compile this information to OCRM. The annual cost is estimated at \$89,759.04 (1,596 responses X \$56.24/response) for financial manager composition time. The cost would consist of \$56.24/hour for financial manager composition time.

OCRM estimates 64 Secondary Market loan information submissions to OCRM. The estimated time to prepare and submit to OCRM Secondary Market loan information is 2 hours per sale submission or 128 total hours per year. The annual cost is estimated at \$7,198.72 [64 submissions x \$112.48] for financial manager composition time. The cost would consist of \$56.24/hour for financial manager composition time (\$56.24 X 2 hours).

OCRM estimates 12 Secondary Market escrow transactions with related reporting to OCRM per year. For escrow transactions with related reporting, OCRM estimates 2 hours per lender to complete the escrow agreement and related documents, or 24 hours per year, at a cost of \$112.48 per response. The annual cost is estimated at \$1,349.76 (12 submissions X \$112.48). The cost would consist of \$56.24/hour for financial manager composition time.

OCRM estimates reporting from 130 Microloan Intermediaries. Microloan Intermediaries require quarterly Microloan Revolving Fund (“MRF”) and Loan Loss Reserve Fund (“LRF”) reporting and accompanying bank statements, quarterly technical assistance narrative reports, any special reports (e.g. Recovery Act Reporting) and annual financial audits. OCRM estimates 4 hours for the combined above reporting, or 520 hours annually. The annual cost is estimated at \$29,244.80 (130 responses X \$224.96). The cost would consist of \$56.24/hour for financial manager composition time, for a total of \$224.96 per response (\$56.24 X 4 hours). NTAPs are required to provide quarterly technical assistance reports and annual financial audits. Currently, there are no active NTAPs so therefore there is no current burden.

These estimates are based on an informal survey of SBA Lenders by the Office of Credit Risk Management financial analysts. Salary rates used were based on information published by the U.S. Bureau of Labor Statistics for Financial Managers estimated at a mean hourly wage of \$56.24. The salary rates for administrative professionals were based on information published by the International Association of Administrative Professionals, estimated at a mean hourly wage of \$20.00.

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

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

Other than outlined above, there are no additional costs resulting from the collection of information.

### **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*

SBA will not incur any significantly measurable direct costs for the lender oversight functions related to this information collection. Any additional indirect costs to SBA would be covered by the already-existing OCRM infra-structure.

### **15. Explanations of Program Changes in Items 13 or 14 on OMB 83-I**

*Explain reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I*

This is a revision to a current information collection request to support SBA’s developing lender oversight function. This revision has increased the burden by introducing additional reporting requirements for lenders needed for the Agency to efficiently manage program risk. In many cases the cost to the lender is related to the level of participation or risk the lender presents

(e.g., larger volume lenders, lenders with loan performance issues, or lenders with formal enforcement order(s) who desire to sell SBA guarantees in the secondary market will trigger certain collections). The increase of reporting is a cost effective means of managing the program risk and ultimately loan program losses.

**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...*

There are no plans to publish data from this collection of information, other than aggregated data as part of annual program reporting,

**17. Expiration Date for Collection of this Date**

*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, SBA has no plans to restrict display of an OMB approval date.

**18. Exception 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.