

SUPPORTING STATEMENT
U.S. Small Business Administration
Paperwork Reduction Act Submission
Community Advantage Pilot Program
OMB # 3245-0361

JUSTIFICATION

Terms of Clearance:

OMB imposed the following terms of clearance for this information collection as currently approved.

Prior to re-submitting these collection instruments for renewal in three-years, the Small Business Administration should review the collections and consider possible ways to reduce burdens. SBA could consider such things as making all forms available as “fillable/fileable” (online submissions) and simplification. At the very least, SBA should provide easy to understand "Send To" information on their information collections. The agency should also consider consistent format and use of official SBA logo/seal when appropriate.

In compliance with these conditions SBA has taken the following actions:

- Streamlined the 7(a) guaranty application process by eliminating SBA Forms 2301 Parts A, B, C, and D and instead requiring completion of SBA Forms 1919 and 1920. The streamlining efforts reduced the hour burden for this information collection to 7 hours per submission from a previous estimate of 12 hours. (We do note that the total estimated burden per participant in the Lender Advantage program will also include the burden for using Forms 1919 and 1920, which is currently estimated to be 33 minutes.
- SBA updated SBA Form 2301E to a fillable format, located online at: <http://www.sba.gov/sites/default/files/SBA%20FORM%202301%20Part%20E.pdf>
- The instructions for SBA Form 2301E were revised to more clearly inform Applicants that completed applications should be submitted to the local SBA Field Office; a web address for locating the particular office is also included. SBA has a clear policy that requires use of SBA seal on all forms; this form complies with that policy.

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

Section 7(a) of the Small Business Act (15 U.S.C. § 636(a)) authorizes the Small Business Administration to guarantee loans made by banks or other financial institutions to qualified small businesses for the purposes of plant acquisition, construction, conversion, or expansion, and/or for the acquisition of land, materials, supplies, equipment, or working capital. OMBCircular A-129 (Policies for Federal Credit Programs and Non-tax Receivables) require a federal agency to among other things, evaluate the character and performance of individuals participating in its federal credit programs and set standards for information required for federal loan programs (copies of relevant provisions are attached). This information collection facilitates SBA’s ability to carry out these responsibilities by obtaining necessary information from organizations that wish to participate in SBA’s Community Advantage Pilot Program.

This information collection currently consists of (1) Form 7 - Eligibility Information for Preferred Lender Program (PLP) Loans; and (2) Form 2301, which includes the following:

- Part A: Lender Advantage Initiative, Small Business Application for SBA Guaranteed Loan.
- Part B: Lender Advantage Initiative, Lender's Application for Guaranty.
- Part C: Lender Advantage Initiative, Eligibility Questionnaire.
- Part D: Eligibility Information for Community Advantage (CA) Loans (to be completed by Community Advantage Lenders with delegated authority).
- Part E: Community Advantage Lender Participation Application

Changes:

With this submission, SBA is proposing to revise the collection to remove Form 7 as well as all but Part E of Form 2301, Community Advantage Lender Participation Application. The revised collection of information will impact lenders only. The previous collection of information also impacted potential small business loan borrowers. In addition, SBA will remove the "Part E" from the title and simply refer to the Form as "Form 2301." The information that had been collected on the eliminated forms will now be collected by SBA Forms 1919 and 1920 OMB Control Number 3245-0348.

SBA is also revising Section 3, Part A, Organizational Information of Form 2301 by removing the request to submit evidence that a lender service provider (LSP) agreement had been submitted to SBA. SBA does not review LSP agreements before lender approval and execution of an SBA Form 750 Agreement; therefore this language should not be included in the lender's application to participate in the pilot program. Finally, SBA has revised the instructions for submission of completed applications.

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 on Form 2301 will be used by program managers, top Agency management, and government entities with oversight authority over SBA to select eligible lenders as participants in the Community Advantage Pilot Program and to conduct lender oversight.

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.

The lender's application (Form 2301) is available on [SBA's website](#) in fillable format. The completed form is submitted by mail in paper form or electronically through email, to the nearest SBA District Office as indicated on the form.

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 is unique to the individual lender applicant and the circumstances and conditions of its business operation. There are no other sources of information currently available that would meet SBA's purposes. In developing the form, SBA sought to minimize the burden on the applicants by not requesting information that had previously been submitted to SBA for other programs (e.g. audited financial statements submitted under the SBA Microloan or 504 Programs).

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.

Potential lenders for the Community Advantage Pilot Program are the entities impacted by this data request. SBA anticipates an additional 25 organizations will seek CA Lender status each year. These lenders already have other loan programs that they administer as CDFIs, CDCs, and Microlenders and are familiar with the type of information requested on this form. The Agency does not anticipate that this information collection will have a significant economic impact on 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 the information contained in the forms may compromise the effectiveness of the Community Advantage Pilot Program. 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 facilitates SBA's ability to fulfill those responsibilities by ensuring only qualified entities are approved as CA Lenders and providing SBA with the ability to monitor lender data trends and risks.

7. Existence Of Special Circumstances

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

SBA requires the submission of proprietary information (e.g. business plan and audited financial statements) to make decisions regarding the organization's capacity to participate in the Community Advantage Pilot Program while limiting risk to the Agency, the taxpayer, and the lender applicant. SBA maintains the confidentiality of such information to the extent permitted by law, including the Freedom of Information Act (5 USC 552) and the Right to Financial Privacy Act of 1978 (12 U.S.C. Section 3401).

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.

A Federal Register public comment notice was published on August 6, 2013, at 78 FR 47813. The comment period expired on October 7, 2013. No comments were received.

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.

The information collected is protected to the extent permitted by law.

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.

This form does not collect information of a sensitive nature. SBA notes that applicants are required to submit Form 1081, *Statement of Personal History* with this information collection. Form 1081 collects sensitive information; however, such information collection is currently approved by OMB (3245-0080).

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.

Since the inception of the program in 2011, SBA has received on average 25 applications per year. The Agency does not anticipate any appreciable change in this number annually. The estimated burden hours and costs for Form 2301 are reflected below:

Form 2301: Community Advantage Lender Participation Application (for use by lenders applying to participate in the Community Advantage Pilot Program). The estimated burden hours are 7 hours (estimated time for each application) times 25 participation applications or 175 hours.

SBA estimates that the person who is most likely to respond to this request for information is the equivalent of a GS-13/Step-5 employee at SBA's Headquarters who is paid at an hourly rate of \$48.83. The estimated annual cost to respondents, therefore, would be 175 hours x \$48.83 per hour = \$8,545.

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 will be minimal start-up or other costs to the respondents.

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 \$11,807 annually.

It is estimated that a financial analyst (average GS-13/Step-5 at \$48.83 per hour) spends approximately 7 hours to screen and analyze the application and to prepare a recommendation. It is estimated that a supervisory financial analyst (GS-14/Step-5 at \$57.70 per hour) spends approximately 2 hours to review the recommendation and to conduct appropriate follow-up. In addition, it is estimated that a staff assistant (GS-12/Step-5 at \$41.07 per hour) would spend approximately 22 minutes to enter and retrieve data to support the decision.

Calculation for the Community Advantage Participation Application

Financial Analysts (GS-13): 7 hours x \$48.83 x 25 applications = \$8,545.25

Supervisory Financial Analysts (GS-14): 2 hours x \$57.70 x 25 applications = \$2,885

Staff Assistants (GS-12): 22 minutes x \$0.68/minute x 25 applications = \$376.48

Total = \$11,807

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.

The previous PRA submission included estimates for SBA Forms 2301, Parts A, B, C, and D which, as stated above have been discontinued due to Agency simplification and streamlining efforts. Therefore, estimates for this PRA submission are significantly less. In addition, SBA revised the estimated annual number of lenders applying for participation (SBA Form 2301) from 50 to 25 based on historical trends.

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.

Except for summary data that might be included in various agency reports this information will not be published.

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 published.

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.

Because each lender application is unique to the individual applicant, SBA cannot employ a statistical survey methodology to obtain the required information.

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.