

SUPPORTING STATEMENT
U.S. Small Business Administration
Paperwork Reduction Act (PRA) Submission for
(OMB Control # 3245-0367)
**[A Small Business Jobs Act Program Extension
504 First Mortgage Loan Pool Program]**

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.

SBA regulations codified at 13 CFR§ 120 Subpart J-Establishment of SBA Secondary Market Guarantee Program for First Lien Position 504 Loan Pools (FMLP Program)authorizes the SBA to allow an entity to apply for SBA’s guarantee of pools comprised of portions of First Lien Position 504 Loans backing Pool Certificates to be sold to Pool Investors. These regulations are based on authority granted to the Agency by section 503 of the American Recovery and Reinvestment Act, Pub. Law 111-5, as amended by Section 1119 of the Small Business Jobs Act, Pub. Law 111-240.

This information collection facilitates SBA’s ability to carry out the FLMP Program. The authority for this program expired on September 26, 2012, SBA has determined that, as a result of this expiration, three of the four forms that currently comprise this information collection are no longer necessary and will be removed from the collection.

SBA Form 2401: First Lien Position 504 Loan Pool Guarantee Agreement: SBA is not requesting renewal of this form, which is executed at loan pool origination. Since there is no authority to form new pools, extension of this form is unnecessary.

SBA Form 2402: Form of Detached Assignment For U.S. Small Business Administration Pool Certificate for the First Lien Position 504 Loan Pools: The collection of this information is not impacted by the expiration of the FMLP program authority. The information will still be necessary in the event of a transfer of the Seller’s interest in the pooled loans. This form serves as the primary source of the disclosure information involving transfer of existing 504 first mortgage guaranty pool certificates. The information on this form will enable investors to know the facts and assumptions used to develop the price on 504 first mortgage guaranty pool certificates. This information will also allow SBA to keep track of the ownership of the 504 first mortgage guaranty pool certificates and keep statistical information of the transferred 504 first mortgage guaranty pool certificates. SBA made one minor change to this form to reflect a change in the name and address of the Central Servicing Agent for the FMLP program.

SBA Form 2403: Application For Pool of Section 504 First Mortgage Loan Interests: SBA is not requesting renewal of this form. Expiration of program authority means no new applications for pool formation can be accepted.

SBA Form 2404: Application To Become A Loan Pool Originator For FMLP Program: SBA is not requesting renewal of this form. Due to the expiration of program authority, no new applications for becoming SBA Pool Originators can be accepted.

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 program managers, top Agency management, and government entities with oversight authority over SBA primarily for loan monitoring, portfolio risk management, and lender oversight. These groups use the data to determine how effectively Secondary Market 504 FMLP Program is meeting the needs of various geographical, demographical, and industry markets and segments; the safety and soundness of SBA's policies and procedures; and helps to determine program fees consistent with the subsidy model. Among other things the information helps SBA to determine that the loan is being sold into a pool security on the secondary market; the identity of the lender that made and sold the loan; the Pool Originator who has assembled the Pool Security for sale; and the Investor that has acquired the Pool Security in exchange for cash. SBA also uses the information to report to its various oversight authorities regarding the number, dollar volume, and demographic characteristics of its Secondary Market for Section 504 FMLP Program recipients.

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.

These forms are available in a fillable, PDF format on SBA's website at: www.sba.gov which then can be submitted as an attachment to an e-mail.

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 applicant and the circumstances and conditions of its business operation, and there are no other sources for the information. In developing this information collection, SBA sought to minimize the burden on a lender or Pool Originator by reducing the amount of documentation required of the borrower and the amount of information that the lender has to transmit to SBA. The reduced documentation generally also decreases the lender and Pool Originator's processing costs, particularly for very small pools.

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.

This collection of data does not impact small businesses as entities participating in this form of securitization are large sophisticated financial institutions.

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 may compromise the effectiveness of the Secondary Market 504 FMLP Program, SBA's recoveries, the program's contribution to improving the nation's economy, and the Agency's ability to comply with Recovery Act and the Small Business Jobs Act reporting requirements.

7. Existence of Special Circumstances

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

None are applicable.

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 Summarize public comments received. Describe efforts to consult with persons outside the agency to obtain their views on: availability of data, frequency of collection, clarity of instructions, etc...

The Agency published Federal Register Notice for the related Secondary Market for Section 504 FMLP Program on December 18, 2013, at 78 FR 76697. The comment period for this information collection ended on February 18, 2014. 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 forms request basic information about the third party loans which have been pooled and guaranteed. This loan information is already available in the public domain, and therefore there is no need to treat as confidential. Any collection of tax payer identification information, will be protected by law including Privacy Act 5 USC 552a and the Freedom of information Act 5 USC 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, 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 tax identification information from lenders and investors in order to insure the proper tax treatment of actions related to this program. This information will be protected from disclosure to the extent permitted by law.

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

SBA Form 2401: First Lien Position 504 Loan Pool Guarantee Agreement:

This form will not be renewed, decreasing burden hours by 3.0 hours X 9,000 responses = 27,000 hours. It is estimated that it cost respondents \$57.75 per response.

SBA Form 2402: Form of Detached Assignment For U.S. Small Business Administration Pool Certificate for the First Lien Position 504 Loan Pools (FMLP):

It is estimated that there are approximately 90 potential investors and broker dealers to participate in transfer activities involving 504 FMLPs. The annual burden of 1.5 hours per respondent is determined by an estimated of the amount of time necessary to read the form, insert the appropriate information, sign the document, maintain CSA records, prepare and sends payments and includes an allowance of ½ hour per respondent to cover unpredictable events. It is anticipated that there will be approximately 225 transactions.

The estimated total annual burden hour is 337.5 based on the estimated number of responses: 225 and hours per response of 1.5 hours.

This form is completed by bond trading assistants. Their estimated average annual salary is \$40,000.00. Their hourly rate is calculated to be about \$19.25. It is estimated that it will cost respondents \$28.88 per response. Total annual cost is estimated to be 225 responses times \$28.88 per response or \$6,498.

SBA Form 2403: Application for Pool of Section 504 First Mortgage Loan Interests:

This form will not be renewed, decreasing burden hours by 1,425 hours. This was calculated based on 475 pools created times the 3 hours per form. It is estimated that it cost respondents \$57.75 per response.

SBA Form 2404: Application to Become a Loan Pool Originator for First Mortgage Loan Pool (FMLP) Program:

This form will not be renewed, decreasing burden hours by 150 based on the estimated number of response: 15 and hours per response of 10 hours. It is estimated that it cost respondents \$480.80 per response.

TOTAL hourly burden is 337.5, a decrease of 32,737.5 burden hours.

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.

There are no other additional costs other than reported in paragraph 12 above.

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 Form 2401: First Lien Position 504 Loan Pool Guarantee Agreement:

SBA is not requesting renewal of this form.

SBA Form 2402: Form of Detached Assignment For U.S. Small Business Administration Pool Certificate for the First Lien Position 504 Loan Pools (FMLP):

The cost to the government estimated to be approximately \$2,812.50 annually. Each request for guaranty is estimated to require .25 hours of a contractor's time at \$50 per hour, X 225 pool certificate transfer applications or \$2,812.50. SBA would not be involved in the transfer transaction and would not incur any expenses other than the cost for the contractor to perform the related duties.

SBA Form 2403: Application for Pool of Section 504 First Mortgage Loan Pool Interests:

SBA is not requesting renewal of this form.

SBA Form 2404: Application to Become a Loan Pool Originator for First Mortgage Loan Pool (FMLP) Program:

SBA is not requesting renewal of this form.

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 is an estimated decrease in the information collection. This decrease is based on the non-renewal of SBA Form 2401, 2403, and 2404.

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 (e.g., number or percentage of pools formed in this program, number of Pool Originator participating in this program) 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.

No exception is being sought; 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.

In Section 19 of OMB Form 83-I, item I indicates the use of statistical survey methodology in the collection of information. Because each pool application is unique to the applicants and to the loan terms (maturity, interest rate, loan amount, etc.) SBA cannot employ a statistical survey methodology to obtain the required information for Secondary Market for the Section 504 First Mortgage Loan Pool Program. A statistical survey for this area would not likely be representative and, therefore, would increase SBA's financial risk if relied upon.

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.