

## SUPPORTING STATEMENT

OMB #3245-0372

### U.S. Small Business Administration Paperwork Reduction Act (PRA) Submission for Immediate Disaster Assistance Loan Program (Loan Application)

#### **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.*

Subtitle B—Small Business Disaster Response and Loan Improvements Act of 2008 of the Food, Conservation, and Energy Act of 2008 (P.L. 110-246), codified in section 42 of the Small Business Act, 15 U.S.C. 657n, authorizes the Small Business Administration to guarantee loans made by lenders to small businesses that have experienced a physical or economic disaster in a federally declared disaster area but have not yet received the proceeds from an application for a direct SBA disaster loan. SBA has established a loan program, the Immediate Disaster Assistance Program (IDAP), to carry out this authority. Under this program, SBA guarantees loans from IDAP Lenders to eligible small businesses to cover the short time frame between the disaster damage and receipt of proceeds from an SBA direct disaster loan.

SBA business disaster loan regulations (13 CFR Part 123) contain the requirements that must be met by the small business loan applicants as well as the participating lenders to be eligible for an SBA guaranteed IDAP loan. This information collection sets forth the specific information that is necessary to fulfill those requirements. This information collection is also necessary for SBA to meet requirements imposed by Section 4(b)(3) of the Small Business Act (Risk Management Database), 15 U.S.C. 633(b); the Federal Managers Financial Integrity Act (FMFIA) 31 U.S.C. 3512 *et. seq.*, and OMB Circulars A-123 (Management's Responsibility for Internal Control); and A-129 (Policies for Federal Credit Programs and Non-tax Receivables), among other statutory or regulatory provisions.

The information collection consists of the following forms:

**Form 2410:** Immediate Disaster Assistance Program (IDAP) - Borrower Information Form. This form collects identifying information regarding the small business applicant, loan request, existing indebtedness, information about the principals, information about current or previous government financing, information about other compensation for disaster losses, and certain other disclosures. This form has been revised to mirror the recent changes to the *Borrower Information form for use with all SBA 7(a) programs* -- SBA Form 1919 (OMB Control Number 3245-0348).

**Form 2411:** Immediate Disaster Assistance Program (IDAP) – Lender's Application Loan Guaranty Request. This form is completed by the IDAP Lender ("Participant" or "Lender") and includes identifying information regarding the lender, loan terms, use of proceeds, and other information such as the type of business. There are no changes to this form.

**Form 2412:** Immediate Disaster Assistance Program (IDAP)– Lender's Application (Part II) Eligibility Information. This form, which is completed by the Participant, consolidates

eligibility criteria regarding the loan applicant, including use of proceeds and general rules applicable to the IDAP loan program. SBA has made minor changes to this form to reflect recent revisions to SBA Form 912, Statement of Personal History (OMB Control Number 3245-0178), regarding the criminal history of applicant's principals, and for consistency with SBA Form 1919, Borrower Information for use with all SBA 7(a) programs (OMB Control Number 3245-0348), which was also recently changed to reflect Form 912 revisions.

## 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.*

In addition to the purposes discussed above, this information collection is also generally used by SBA 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 SBA's loan programs are meeting the needs of various geographical and industry markets and segments; and the safety and soundness of SBA's loan policies and procedures. SBA also uses the information to report on the number of loans, dollar volume of loans, and the demographic characteristics of the IDAP loan guaranty 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. IDAP loan requests are to be submitted electronically via SBA's E-tran (electronic submission system) to receive SBA approval.

## 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.*

Section 42(b) of the Small Business Act requires applicants for an IDAP loan to also apply for one of SBA's direct disaster assistance loans under section 7(b) or 7(c) of the same Act as a prerequisite for receiving the IDAP loan. Small businesses applying for a direct disaster loan submit SBA Form 5- Disaster Business Loan Application and associated forms (OMB Control Number 3245-0017) and Form 413 (OMB Control Number 3245-0188). While some of the information collected for IDAP is the same information collected for the direct loan program, such duplication is necessary. It would be infeasible and ultimately more burdensome to carry out these distinctly separate programs without some degree of duplication. The IDAP guaranteed loans are bridge loans designed to provide immediate financial assistance pending a determination on a direct loan application. Information for IDAP loans are submitted directly to the IDAP lenders who forward minimal information to SBA (SBA Form 2411). IDAP lenders are not involved in the processing of direct disaster loans. Certainly it would create confusion for those applicants who are not interested in an IDAP loan to navigate an application that requests information that was completely irrelevant to their needs.

## 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 83-1), describe any methods used to minimize burden.*

This information collection impacts lenders and prospective small business borrowers. However, in light of the limited scope of this program during its initial phases (an estimated total 934 loans to be made by approximately 50 lenders in specific geographic regions) SBA does not anticipate that this information collection will have a significant economic impact on the small number of affected 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 IDAP program, SBA's recoveries, the program's contribution to disaster recovery, and the Agency's ability to comply with the program's statutory requirements. SBA is responsible for providing small business disaster victims with 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 providing the critical information needed by SBA to monitor and analyze loan and 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.*

Lenders submit loan data to SBA for its loan guaranty approval on a loan by loan basis. Because 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 business information. SBA has procedures to protect the information's confidentiality to the extent permitted by law. This information can be accessed only with the approval of the Office of Capital Access.

#### **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...*

A Federal Register Notice requesting comments from the public was published on February 14, 2014, 79 FR 9028. The comment period expired April 15, 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.*

SBA has incorporated various statements required by law and executive orders into Form 2410 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. SBA protects the information collected 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.*

SBA collects the social security number and certain criminal history information from the principals of the small business that is applying for an IDAP loan. The social security number is the unique identifier associating a person with a specific 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.

#### **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.*

There are approximately 5,000 SBA 7(a) participating lenders eligible to become IDAP lenders. In order to participate in IDAP, a 7(a) participating lender will be required to apply for IDAP delegated authority and sign a supplemental agreement which describes its responsibilities under the IDAP loan program. SBA anticipates that no more than 50 of these 7(a) participating lenders will participate during the limited introductory phase of the IDAP program. SBA also estimates that approximately 934 loan applications will be submitted under IDAP, at a rate of one loan per borrower.

#### **Loan Approval Forms:**

The following is a breakdown of the estimated burden hours:

**Form 2410**, Immediate Disaster Assistance Program (IDAP) - Borrower Information Form. The estimated burden hours are 10 minutes times 934 applications or 155 hours. (1 application per small business).

**Form 2411**: Immediate Disaster Assistance Program (IDAP) – Lender’s Application (Part I) Loan Guaranty Request – 15 minutes. This form is completed by approximately 50 Participants. The estimated burden hours are 15 minutes times 934 applications or 233 hours.

**Form 2412** Immediate Disaster Assistance Program (IDAP) – Lender’s Application (Part II) Eligibility Information – 10 minutes. This form is completed by approximately 50 Participants. The estimated burden hours are 10 minutes times 934 applications or 155 hours.

IDAP applicants must also submit an application for an SBA direct disaster business loan. The burden associated with the direct loan application is currently part of the reported burden for that application. Therefore, in addition to the hour burden listed above specifically for the IDAP loan application, applicants for such loans will also be required to spend an additional 3.5 hours to complete the SBA Form 5, Disaster Business Loan Application (OMB Control #3245-0017) and SBA Form 413 (OMB Control #3245-0188). There will be no additional

burden on IDAP lenders associated with the direct loan application because they are not part of that process.

Estimated Annual Cost Burden:

Based on a GS-11 step1 loan officer's annual salary, the hourly rate is \$30. The estimated annual hourly cost burden for the IDAP loan applicants would be 155 hours x \$30 per hour = \$4,650. 2014 salary table "For The Locality Pay Area of Washington-Baltimore-Northern Virginia, DC-MD-VA-WV-PA."

**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 is only minimal start-up or other costs to the respondents as a result of this information 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.*

Any additional cost to the government as a result of this information collection will be de minimis.

**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 are no changes or adjustments.

**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 loans processed under IDAP) 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.*

There are no exceptions.

**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