

SUPPORTING STATEMENT FOR SBA FORMS 25, 33 AND 34
(APPLICANTS FOR SBA-GUARANTEED LEVERAGE)
(OMB Control # 3245 0081)

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 purchase and sale of debentures; and, (ii) equity type funding through the sale of certain rights in Participating Securities [Sec. 303 (b)]. SBA currently provides funding through the purchase and sale 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. In the first part, an SBIC must 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 and 34)) are part of the commitment application, and are the only forms in that application package that require OMB's approval. In the second part, after an SBIC has received a leverage commitment from SBA, an SBIC must file draw application(s) to receive funds under its leverage commitment 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 3245-0063. Draw applications are accepted for processing by SBA twice a month.

SBA indicated in the last submission that Form 1065 is a true certification, and as such it is not an information collection under the PRA. As a result, SBA intended to remove Form 1065 from this information collection -- 3245-0081. However, because SBA inadvertently submitted the form, it is still part of this collection. With this submission, SBA is correcting that oversight and finalizing the removal of Form 1065 from this collection. SBA is also making changes to Form 25 in response to comments received from the public. Details regarding specific changes are discussed in response to number A.8 below.

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 and 34 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 to provide new financing to

small businesses, and not to refinance exiting debenture leverage, SBA Form 33 is seldom required. Three versions of SBA Form 25 are provided (Form 25 PC, Corporate Resolution, Form 25 PGCP, Corporate General Partner Resolution and Form 25 LLGP, Limited Liability General Partner Resolution). Please note that after consideration of one of the comments SBA received, SBA has agreed to discontinue Form 25, PIGP, Individual General Partner Certificate. It is removed from this submission and is replaced with Form 25 LLGP, Limited Liability General Partner Resolution. SBA Form 25 is a model form 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 organizational structure. SBA Form 34 provides the account information needed to credit an SBIC's designated account with drawn funds.

3. Technological collection techniques. All SBIC commitment application forms and instructions are available on the SBA's Office of Investment and Innovation Web Page (<http://www.sba.gov/content/sbic-forms-topic>). Some of the forms submitted in the commitment application require original 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 and to insure the timely delivery of the entire application package, each commitment application must be express mailed to SBA as part of a single package.
4. Avoidance of Duplication. The type of information requested in the application process is needed to show that a request for funding is properly authorized and to administer the funding process, 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. The required public comment notice was published in the Federal Register on September 22, 2014, at 79 FR 56614. SBA received four comments from the public regarding these forms. The comments received were from one party and were all relative to the SBA Forms 25. Those four comments are summarized below. SBA's response is provided after each comment summary:
 - 1) The required language "but not less than [an inserted minimum amount]" is unnecessary and should be removed from each version of the SBA Form 25.
SBA Response: SBA agrees that this language is no longer necessary and the language has been removed from the SBA Forms 25;
 - 2) The required language relative to affixing a corporate seal is no longer necessary and should be removed from the versions of the SBA Form 25 requiring it (SBA Form 25 PC and SBA Form 25 PCGP).
SBA Response: SBA agrees that the practice of affixing a seal is no longer required and such language relative to that requirement has been removed from the SBA Form 25 PC and the SBA Form 25 PCGP ;
 - 3) The SBA 25 PIGP is longer needed and should be discontinued since there is currently no small business investment company organized as a limited partnership with an individual general partner.
SBA Response: SBA agrees that the SBA Form 25 PIGP is no longer needed and it is discontinued with this submission; and
 - 4) A new version of the SBA Form 25 is needed as a model resolution for small business investment companies organized as a limited partnership with a limited liability company general partner.
SBA Response: SBA agrees and the new version of the SBA Form 25 is included with this submission (SBA Form 25 LLGP).
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>33</u>	<u>Total</u>
Est. No. of Responses per respondent	1	1	1	
Est. Hrs to Complete Form	0.333	0.333	0.333	
Est. Minutes to Compete Form	20 min	20 min	20 min	
Est. Annual Submissions	<u>x70</u>	<u>x70</u>	<u>x2</u>	
Estimated Total Hour Burden	23.33	23.33	0.67	47 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 \$1,183. 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>33</u>	<u>Total</u>
Cost to Complete Forms @ \$25/Hr.	\$8.33	\$8.33	\$8.33	
Total Estimated Cost Per Submission	\$8.33	\$8.33	\$8.33	
Estimated Number of Submissions	<u>x70</u>	<u>x70</u>	<u>x2</u>	
Est. Annualized Burden Hour Cost	\$583.10	\$583.10	\$16.66	\$1,183

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 \$1,400. The mailing cost is calculated as follows: [70 (Annual Submission Respondents) {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 \$968 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>33</u>	<u>Total</u>
Cost of Review & Analysis	\$11.25	\$2.50	\$2.50	
Total Estimated Cost Per Submission	\$11.25	\$2.50	\$2.50	
Total Estimated Number of Submissions	<u>x70</u>	<u>x70</u>	<u>x2</u>	
Total Est. Annual Cost to Fed. Govt.	\$787.50	\$175.00	\$5.00	\$968

15. Explanation of program changes in Items 13 or 14 on OMB Form 83-I. The SBIC program has increased in size in recent years. There are more newly licensed SBICs seeking guaranteed leverage and there are more existing SBICs with higher private capital seeking additional tiers of leverage. As a result, the number of SBIC commitment applications has increased by 22 to an average of 70 per year. At the same time, the SBA Form 1065 has been removed from the forms included in this submission and the number of applications for refunding maturing debentures has remained constant. So even though we have had a

significant increase in the number of applications, the actual annual hours requested has only increased by 5 from 42 to 47.

The estimated cost for SBIC staff completing the application has remained unchanged at \$25 per hour. In addition, the estimated cost of sending the completed forms to SBA via express mail remains at \$20 per application. The result is that the annual cost estimate is increased with this submission but only by \$127, from \$1,056 to \$1,183.

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.