

**Support Statement for SBA Form 1506
Servicing Agent Agreement – 504 Program
(3245-0193)**

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 appropriate section of each statute and regulation mandating or authorizing the collection of information.

SBA regulations governing the Certified Development Loan Program, (commonly referred to as the 504 Loan Program) require Certified Development Companies (CDCs) and Borrowers to certify as to the authorized use of the borrowed funds and to execute a Servicing Agent Agreement (SAA) with the Central Servicing Agent (CSA) for each 504 loan to signify acceptance by the CDC and the Borrower of the terms of the Master Servicing Agent Agreement. See, 13 CFR §120.954(a); copy attached.

The only change that SBA has made to the SAA is a minor edit to the language of the text on page one where the borrower is requested to “Check if this is a Recovery Act Loan”, or “Check if Temporary Jobs Act Debt Refinancing Loan.” The American Recovery and Reinvestment Act of 2009 and the temporary debt refinancing authority provided by the Jobs Act of 2010 have both expired. The Consolidated Appropriations Act, 2016 (Public Law 114-113), provided permanent debt refinancing authority, thus the options have been modified to “Check if Debt Refinancing Loan with Expansion” or to “Check if Debt Refinancing Loan without Expansion.

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 SAA (SBA Form 1506) is used by the SBA to determine if the loan proceeds have been used for the purposes authorized. The form is also used by the borrower to: (a) accept the appointment of the CSA; (b) acknowledge the debenture and note terms; (c) agree to timely monthly payments to the CSA; (d) agree to the payment of certain fees connected with the closing and servicing of the loan and the debenture; (e) provide wire transfer instructions to the recipient bank; (f) acknowledge the prepayment penalties associated with the debenture; and (g) acknowledge receipt and acceptance of the loan and debenture closing documents subsequent to the sale of the debenture by the SBA and the CSA.

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 Form 1506 is available to the public in electronic form, on SBA’s website at <http://www.sba.gov/category/navigation-structure/starting-managing-business/managing-business/forms>, then click on “Small Business Forms” and then “Financial Assistance Forms”. The form appears on the first page.

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 requested on this form is necessary to ensure proper disbursement of loan proceeds, as well as the acknowledgement by the CDC, the borrower and the Servicing Agent of all borrower fees being assessed, as well as the parties’ duties and responsibilities under the servicing agreement. Except for minimal identification information, such as names, addresses, and loan numbers, etc., the information requested is unique to each transaction and is therefore not already available to SBA.

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.

The collection involves information on the small businesses and their projects being assisted. The information required is readily available from the businesses’ records and the interim lender for the project being financed. There is no significant economic impact on these small businesses to provide this information to SBA.

6. Consequences if collection of information is not conducted.

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.

Data is collected only at the time of the loan/debenture closing. If the information were not collected, SBA could not properly determine whether the borrowers, CDCs, and the CSA were complying with program requirements in 13 CFR §120.954(a).

7. Existence of special circumstances.

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

Not applicable. SBA does not require the collection of data to be conducted in a manner inconsistent with the guideline in CFR 5, Section 1320.5.

8. Solicitation of public comments.

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. 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 on October 21, 2015, at 80 FR 63862 [Insert Citation]. The comment period ended on December 21, 2015; no comments were received.

9. Payment or gifts.

Explain any decision to provide any payment or gift to respondents, other than re-enumeration of contractors or grantees.

Not applicable. There were no payments or gifts 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.

Not applicable. No assurances of confidentiality are given. However, the information collected is maintained under conditions designed to restrict access to those agency personnel with a need to know and is protected from disclosure 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.

Not applicable. This collection contains no questions of a sensitive nature.

12. Estimates of hourly burden of the collection of information.

Provide estimates of the hour burden of the collection of information. Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated.

The number of responses for this Form 1506 is based on the 18,452 loan closings during the past three fiscal years (2013-2015). Since one Form 1506 is submitted for each loan, the total number of responses during this period averaged 6,151 annually. At an estimated 1 hour per submission, the total estimated annual burden hours for this form are 6,151 hours.

Cost for hour burden:

The information on this form is prepared by an employee who is compensated at a rate equivalent to a government employee with an average grade of a GS-12/GS-13 whose salary is averaged to be approximately \$41.00 per hour based on the general schedule salary table.

The estimated annual cost to the respondents of this collection would therefore be \$252,191 (6,151 closings for the annual period multiplied by 1 hour to complete @ \$41.00/hour = \$252,191).

13. Estimate of total annual cost burden for submission.
Provide an estimate for the total annual cost burden to respondents or record keepers resulting from the collection of information.

There is no appreciable cost to respondents.

14. Estimated annualized costs to the Federal government.
Provide estimates of annualized costs to the Federal Government. Also provide a description of the method used to estimate cost, which should include 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.

Cost to Federal Government for collection is \$89,189.50

Reviewing data 6,151 @ .25 hours @ \$ 58/hour = \$89,189.50

(This form is reviewed by an employee with an average grade of a GS-14 in the locality pay area of Sacramento, CA whose salary is averaged to be approximately \$58.00 per hour.)

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

This submission shows a decrease of annual responses as compared to the last submission based on a decrease in the overall 3 year average during the last three fiscal years, 2013-2015.

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.

Not applicable.

17. Expiration date for collection of information.

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.

18. Exceptions to certifications 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.

This collection of information does not employ statistical methodology.