

Paperwork Reduction Act Submission
Supporting Statement
Premier Certified Lenders Program (PCLP) Quarterly Loan Reserve Report
(OMB Control Number 3245-0346)

Justification

This information collection currently consists of Form 2233 and Form 2234, Parts A, B, and C. SBA is revising this information collection to remove Form 2234 in its entirety. The information currently collected by Form 2234, Parts A, B, and C will instead be collected through Form 1244 under OMB Control Number 3245-0071, which is also being submitted for OMB's approval. Form 2233 is being revised to incorporate a recent rule change that allows a CDC to use the Declining Balance Methodology for loan loss reserves for debentures that have been seasoned for at least 10 years. (84 FR 66287, December 4, 2019). For these debentures, the CDC may base its reserve on 1% of the current principal amount of the PCLP Debenture instead of 1% of the original principal amount of the PCLP Debenture. As a result of the removal of Form 2234, SBA is also making a technical change to the title of the collection from *PCLP Quarterly Loan Loss Reserve Report and PCLP Guarantee Request to Premier Certified Lenders Program (PCLP) Quarterly Loan Reserve Report*. The discussion below is based on the use of the proposed revised collection.

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.

The Premier Certified Lenders Program was designed to further the Agency's transformation from the transactional oversight of individual loans to the management of loan portfolios processed by qualified CDCs. The PCLP CDCs are authorized to process, approve, close and service SBA 504 loans, subject to only a brief eligibility review and assignment of a loan number by SBA. The SBA reviews the CDC's portfolio at least annually and approves its PCLP status for periods of no more than two years at a time. Additionally, those CDCs that no longer have PCLP status are required to maintain a reserve for all PCLP loans that remain in their portfolio, so that the CDC has the ability to pay its PCLP reimbursement obligation on a defaulted PCLP loan. SBA has a responsibility to monitor and evaluate the efficiency and effectiveness of the SBA PCLP Program consistent with section 508 of the Small Business Investment Act of 1958, codified at 15 U.S.C. 697e (c)(8); Section 4(b)(3) of the Small Business Act (Risk Management Database), 15 U.S.C. 633(b)(3); the Federal Managers Financial Integrity Act (FMFIA) codified at 31 U.S.C. Section 3512 *et. seq.*, OMB Circulars A-123 (Management's Responsibility for Enterprise Risk Management and Internal Control), and A-129 (Policies for Federal Credit Programs and Non-tax Receivables). This collection of information facilitates SBA's ability to carry out its responsibility.

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 SBA Form 2233 is used by the Offices of Credit Risk Management and Field Operations to collect information regarding PCLP Certified Development Companies' (CDCs) loan loss reserve funds on a quarterly basis. Maintaining an adequate loan loss reserve is a requirement for CDCs to maintain their PCLP certifications and is necessary to mitigate loss incurred by potential loan defaults. Additionally, those CDCs that no longer have PCLP status are required to maintain a reserve for all PCLP loans that remain in their portfolio, so that the CDC has the ability to pay its PCLP reimbursement obligation on a defaulted PCLP loan. The information collected is used by the SBA for monitoring portfolio risk and conduct CDC 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.

CDCs submit the Form 2233 electronically by email to the Lead SBA Office. Additionally, CDCs have the option to submit the Form 2233 electronically to SBA through the Corporate Governance Repository available on E-TRAN. CDCs are no longer permitted to submit through mail or fax.

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 on Form 2233 is unique to the individual CDC and the circumstances and conditions of its business operation and certain points in time, so there are no other sources of the information that would adequately meet the objectives for collecting the information. In developing the forms, SBA sought to minimize burdens by primarily considering for collection, data that a PCLP CDC already collects and maintains in its files. One of the cornerstones of the PCLP concept was for the program to fit as seamlessly as possible with CDCs' normal business practices and data collection, which reduces processing costs. As noted above, Form 2234 (Parts A, B, and C) are no longer necessary and are being cancelled.

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 15 CDCs with PCLP status and the 11 CDCs that have PCLP loans in their portfolio but no longer have PCLP status are the only entities that are impacted by Form 2233. For those CDCs with PCLP status, submitting the necessary information on loan reserves on a quarterly basis is a requirement to maintain PCLP status. For those CDCs that no longer have PCLP status, submitting the information is necessary to demonstrate compliance with PCLP reserve requirements.

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 and integrity of the PCLP program and create risk to SBA. Quarterly reporting on the CDCs' PCLP loan loss reserves is the only means through which the SBA can adequately monitor CDCs' PCLP program compliance. Loan loss reserve funds are required so that CDCs can mitigate the risk of PCLP loan defaults to both themselves and the SBA. Ensuring CDCs' adherence to this requirement protects both the CDC and the Federal Government from potential loss on PCLP loans.

7. Existence of Special Circumstances

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

No special circumstances exist for the submission of this information.

8. Solicitation of Public Comment

If applicable, provide a copy and identify the date and page number of publications 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.

The required 60-day comment notice was published in the Federal Register on February 13, 2020, at 85 FR 8332. The public comment period closed on April 13, 2020. The SBA

received one comment from the National Association of Development Companies in support of the proposed changes.

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 does not provide any specific assurances of confidentiality; nonetheless, the information collected will be protected 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, 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 confidential information regarding the loan loss reserves of the 26 CDCs with PCLP loans in their portfolios. No other sensitive or personally identifiable information is collected in this process.

12. Estimate of the Hourly Burden of the Collection of Information

Provide estimates of the hour burden of the collection of information, as 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.

The estimated burden for this collection of information is based on consultation with a sample of PCLP CDCs. Currently, only 15 CDCs hold PCLP authority but there are 11 other CDCs with PCLP loans in their portfolio.

The total estimated responses for Forms 2233 are based on the number of current PCLP CDCs and other CDCs with PCLP loans in their portfolio. The currently reported average time spent completing Form 2233 is 30 minutes. The estimated annual hourly burden for PCLP loan loss reserve report submissions is therefore approximately 52 hours annually.

Form 2233: 26 CDCs x 4 submissions per year x 30 minutes per submission = 3,120 minutes / 60 = 52 hours

The total estimated hour cost burden for this collection of information based on the equivalent of a DC-area GS – 13/14 loan officer’s salary at approximately \$51/hour is \$2,652 annually. This cost is broken down as follows:

Form 2233 = 52 hours (104 submissions x 30 minutes) x \$51 per hour = \$2,652

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.

The PCLP will receive additional savings through email or the optional ETRAN Corporate Governance Repository upload, which eliminates mailing expenses.

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.

Form 2233s are processed by analysts located in District Offices throughout the US and within the Office of Credit Risk Management in Washington, DC. The estimated time for processing is 15 minutes per form. Each analyst’s salary at approximately \$51/hour, which results in an annual hour cost to the government of \$1,326. This cost is broken down as follows:

Form 2233 = 26 hours (104 submissions x 15 minutes) x \$51 per hour = \$1,326

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 increase in hour burden is primarily due to an inadvertent under reporting in the prior submission with respect to the number of responses submitted by each CDC that is required to report.

16. Collection of Information Whose Results will be Published

For the 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.

From time to time or as part of annual program performance reporting, SBA publishes aggregated data on the number of PCLPs. SBA does not publicly publish the amounts of a PCLP loan loss reserve.

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.

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.

19. 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.