

SUPPORTING STATEMENT
U.S. Small Business Administration
Paperwork Reduction Act (PRA) Submission for
(OMB Control # 3245-0212)

JUSTIFICATION

SBA has not made any changes to this information collection, which consists of only Form 1088.

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 SBA secondary market is an evolving 36.9 billion dollar market designed to facilitate the availability of capital to lenders serving the small business community. Pursuant to section 5(h)(1)(C) of the Small Business Act, 15 U.S.C. § 634(h)(1)(C), sellers of a loan or pool certificate must disclose to the purchaser information on the terms and conditions of the instrument. Information includes a constant annual prepayment rate based upon the seller's analysis of the prepayment histories of SBA guaranteed loans with similar maturity, as well as information on the terms, conditions, and yield of the security. This form is used to collect such required information.

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.

Collected information is used by investors and SBA. The information enables investors to know the facts and assumptions used to develop the cash flow yield quoted on SBA certificates. This information also allows SBA to keep track of the ownership of the SBA certificates and keep statistical information of the transferred SBA certificates.

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.

This form is available on-line to be downloaded and can also be completed electronically. However, this form cannot be submitted electronically. This form requires the stamp of a raised seal and wet signatures in order to help ensure the legality of this form. At this time we do not know of any acceptable procedure that could take the place of a raised seal to ensure authenticity of the form and to protect the integrity of the secondary market program from malfeasance. SBA researched other transfers of investment instruments such as Ginnie Mae's Mortgage-Backed Securities, US Bonds and Treasury Notes and the practice of requiring a raised seal and wet signatures is consistent with other transfers of investment instruments

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 1088 is specific to each transaction and is the only source that documents the transfer of loan or pool certificate on the secondary market.

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 information is submitted by large corporations dealing in the secondary market; therefore, collected information does not impact small businesses or other small entities. Burden was reduced to an absolute minimum for all businesses by only requesting the minimum amount of information that is necessary to comply with the program's laws and regulations.

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 referenced information would prevent the program from operating efficiently and effectively. SBA would not know which loans or pool certificates were transferred. Also, buyers of loans or pool certificates will not have sufficient information to make rational decision to invest. In addition, the Fiscal Transfer Agent (FTA) would not know where and to whom to submit secondary market payments. There are no technical or legal obstacles to collecting the necessary information.

7. Existence of Special Circumstances

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

Collection of information could not be conducted less frequently than one time per transfer transaction. No other special circumstances exist to cause an information collection to be conducted in the manners referenced.

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.

SBA published the required 60-day comment notice in the Federal Register on April 29, 2020, at 85 FR 23880. The comment period ended on June 29, 2020; 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.

There are no assurances of confidentiality. The information collected is available to the public.

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.

This information being collected on SBA Form 1088 is not of a sensitive nature as defined in this question.

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.

The total estimated annual hour burden is 13,800 based on the following:

Estimated Number of Respondents:	9,200
Estimated Number of Responses:	9,200
Hours per Response:	1.5 hours
Total Annual Burden Hours:	13,800 hours

The annual burden of 1.5 hours per respondent is determined by an estimate of the amount of time necessary to read the form, insert the appropriate information, sign the document, maintain FTA records, prepare and send payments and includes an allowance of .5 hours per respondent to cover unpredictable events.

The estimated total annual hour cost burden is: \$414,000

This estimate assumes the form is completed by a Securities, Commodities, and Financial Services Sales Agents with an estimated average annual salary of \$62,270). The hourly rate is calculated to be about \$30.00. It is estimated that it will cost each respondent \$45.00 per response.

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 costs other than those outlined in # 12.

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.

The Cost to the Federal Government as a result of this information collection is negligible.

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.

As the secondary market has grown, so has the number of participants and certificate transfers. The increase in the number of burden hours reflects these increases.

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.

There are no plans to publish this information for public use.

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.

There is no exception.

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 does not employ statistical methods.