

SUPPORTING STATEMENT
U.S. Small Business Administration
Paperwork Reduction Act (PRA) Submission for
(OMB Control # 3245-0367) SBA Form 2402

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.

SBA regulations codified at 13 CFR§ 120 Subpart J-Establishment of SBA Secondary Market Guarantee Program for First Lien Position 504 Loan Pools, authorizes the SBA to allow an entity to apply for SBA's guarantee of pools comprised of portions of First Lien Position 504 Loans backing Pool Certificates to be sold to Pool Investors. These regulations are based on authority granted to the Agency by section 503 of the American Recovery and Reinvestment Act, Pub. Law 111-5 (Recovery Act), as amended by Section 1119 of the Small Business Jobs Act, Pub. Law 111-240. The authority for this First Mortgage Lien Program (FMLP) expired on September 26, 2012. However, this information collection (SBA Form 2402, Form of Detached Assignment for U.S. Small Business Administration Pool Certificate for the First Lien Position 504 Loan Pools) continues to be required for the purposes described below.

SBA made one minor change to Form 2402 to reflect a change in the legal name and address of the Central Servicing Agent for the FMLP program. There are no substantive changes.

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 information collected on Form 2402 is used to disclose certain information relevant to the transfer of existing 504 first mortgage guaranty pool certificates. The information enables investors to know the facts and assumptions used to develop the price on 504 first mortgage guaranty pool certificates. This information also allows SBA to keep track of the ownership of the 504 first mortgage guaranty pool certificates and keep statistical information on the transferred 504 first mortgage guaranty pool 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.

These forms are available in a fillable, PDF format on SBA's website at www.sba.gov, and can be completed electronically. However, this form cannot be submitted electronically. The 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 FMLP program from malfeasance. SBA requires the seal on its other secondary market transfer form, SBA Form 1088, as well.

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 2402 is specific to each transaction and is the only source that documents the transfer of pool certificates 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 data does not impact small businesses as entities participating in this form of securitization are sophisticated financial institutions.

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 would prevent the program from operating efficiently and effectively. SBA would not know which pool certificates were transferred. In addition, the Central Servicing Agent (CSA) would not know where and to whom to send payments. There are no technical or legal obstacles to collecting the necessary information. Further, failure to collect the information would hinder the Agency's ability to comply with Recovery Act and the Small Business Jobs Act reporting requirements.

7. Existence of Special Circumstances

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

None are applicable.

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...

The Agency published Federal Register Notice for the related Secondary Market for Section 504 FMLP Program on May 4, 2020, at 85 FR 26514. The comment period for this information collection ended on July 6, 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.

The forms request basic information about the third-party loans that have been pooled and guaranteed. This loan information is already available in the public domain, and therefore there

is no need to treat as confidential. However, the collection of tax payer identification information will be protected by law including Privacy Act 5 U.S.C. 552a and 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 tax identification information from investors in order to insure the proper tax treatment of actions related to this program. This information will be protected from disclosure to the extent permitted by law.

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

It is estimated that there are approximately 20 potential investors and broker dealers to participate in transfer activities involving 504 FMLPs. 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 CSA records, prepare and send payments and includes an allowance of ½ hour per respondent to cover unpredictable events. It is anticipated that there will be approximately 10 transactions annually.

The estimated total annual burden hours are 15.0 based on the estimated number of responses: 10 responses and 1.5 hours per response.

This form is completed by operations assistants for financial securities firms. Their estimated average annual salary is \$62,270. Their hourly rate is calculated to be about \$42.50 It is estimated that it will cost respondents \$63.75 per response. Total annual cost is estimated to be 10 responses times \$63.75 per response or \$638.

TOTAL hourly burden is 15.0.

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.

The annual cost burden to respondents or record keepers relates only to record storage of the remaining 93 pool certificates. This annual cost is estimated at less than \$100.

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 government is estimated to be approximately \$125.00 annually. Each request for guaranty transfer is estimated to require .25 hours of a contractor's time at \$50 per hour, X 10

pool certificate transfer applications or \$125.00. SBA would not be involved in the transfer transaction and would not incur any expenses other than the cost for the contractor to perform the related duties.

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 decrease in the number of respondents reflects the winding down of the program, which expired in 2012. Since January 1, 2018, there have only been 34 certificate transfers submitted and fulfilled. There is also a change in the annual reporting and recordkeeping cost burden because of classification changes in the Bureau of Labor Statistics Occupational Outlook Handbook for persons identified in the financial securities intermediation industry. This classification has been grouped with other staff positions associated with Securities, Commodities and Financial Service Sales Agents.

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 of investors participating in this program or number of transfers) 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.

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.

Not applicable.