

Supporting Statement
U.S. Small Business Administration
Paperwork Reduction Act (PRA) Submission
SBA Form 770, FINANCIAL STATEMENT OF DEBTOR
(OMB Control No. 3245-0012)

Summary of Revisions: Form 770 is currently used by borrowers in SBA’s 7(a), 504, and Disaster Loan Programs. The change includes a technical revision to correct the address for the loan servicing center in Herndon, VA. There are no changes to the substantive information collected.

Overview of Information Collection:

This is a request for **extension of a previously approved collection** (OMB Control No. 3245-0012) and for approval for an additional 3 years.

This PRA submission is for SBA Form 770, FINANCIAL STATEMENT OF DEBTOR. This form is required to evaluate the debtor’s financial capacity to repay the debt owed to the Agency and determine to what extent the Agency may compromise the debt, maximize recovery, and protect the interests of the Agency.

At this time SBA is requesting a 3-year renewal, the belief is that the current information does not adequately meet the Agency’s needs at the time of guaranty purchase review since the form does not collect enough details about the loan closing and disbursement actions. This **non-substantive change** will likely not have a significant impact on the burden. As stated in the supporting statement, the certifications and information collected remain the same.

A. Justification

1. Circumstances necessitating the collection of information.

The Small Business Administration (“SBA” or “Agency”) has authority under section 5(b) of the Small Business Act, 15 U.S.C. 634(b) as well as 31 U.S.C. 3711 to effect compromise settlements with debtors. When SBA receives a request for compromise from a debtor (borrower or guarantor), full and fair consideration must be given to each request for adjustment or modification of loan terms and conditions. Information on the debtor’s financial condition is necessary in making a determination regarding the compromise of claims and

other liquidation proceedings, including litigation by the Agency or the Department of Justice. Debtors use SBA Form 770, *Financial Statement of Debtor*, to provide this information to SBA.

2. How, by whom and for what purpose information will be used.

The information on SBA Form 770 is used by SBA loan officers/specialists in their review of loans and associated debtors in the 7(a), 504, and Disaster Loan Programs. The information is a prerequisite to a work-out agreement or compromise settlement between the debtor and SBA. SBA uses the information to evaluate the debtor's financial capacity to repay the debt owed to the Agency and determine to what extent the Agency may compromise the debt, maximize recovery, and protect the interests of the Agency and the taxpayers.

3. Technological collection techniques.

SBA Form 770 is available to the public, in pdf fillable format, on SBA's website at <http://www.sba.gov>. SBA currently collects SBA Form 770 in paper or electronic form through email, fax or a secure file transfer.

4. Avoidance of duplication.

Although SBA collects financial information on the debtor at loan inception, the purpose of SBA Form 770 is to collect financial information that reflects the debtor's financial condition at the time of a compromise or other liquidation action. There is no other source available to SBA that duplicates the current data obtained through SBA Form 770.

5. Impact on small businesses or other small entities.

The collection of this information does not have a significant economic impact on any of the small businesses or other small entities from which this information is collected. The offerors are typically the guarantors on the loan.

6. Consequences if collection of information is not conducted.

Failure to collect this information on a loan in liquidation status would impair the Agency's ability to evaluate the financial condition of the debtor and any offers in compromise on the outstanding balance of the debt. Non-collection of the information would also affect the Agency's ability to determine what legal action to pursue and could result in the Agency not being able to maximize recovery on debt owed to the Government.

7. Existence of special circumstances.

No special circumstances apply. The SBA Form 770 is only required on occasion, such as, when a borrower or guarantor requests a work-out arrangement, compromise, or in other situations that may affect repayment of the loan.

8. Solicitation of public comments.

The Agency published a Federal Register Notice for the Request for an Extension and a Revision to an Existing Collection for SBA Form 770 on April 15, 2024, at 89 FR 26202. The comment period for this information collection ended on June 14, 2024. SBA did not receive any comments.

9. Payment or gifts.

Not applicable. No payments or gifts to respondents are ever provided to respondents.

10. Assurance of confidentiality.

The information collected on SBA Form 770 is confidential and is protected by the Privacy Act of 1974, and further protected from disclosure under Exemption 4 of the Freedom of Information Act, 5 U.S.C. 552, which prohibits disclosure of confidential or privileged commercial or financial information. The form includes notices to the respondents regarding the use and disclosure of information submitted to SBA on this form.

11. Questions of a sensitive nature.

This form requests a social security number in blocks 5 and 11. Collection of this information is authorized by 31 U.S.C. 7701, which requires loan applicants/borrowers/guarantors to disclose their social security numbers or other taxpayer identification number in order to do business with the Agency. SBA uses the information in connection with collecting and reporting on any delinquent amounts arising out of the respondent's relationship with the Agency. The information also facilitates critical credit determinations during the liquidation phase. The use and disclosure of social security numbers and other personal information is covered by SBA's Privacy Act System of Records: SBA 20- Disaster Loan Case Files (74 FR 14890) and SBA 21, Loan System - [74 FR 14890, April 1, 2009], as amended on March 16, 2012 at 77 FR 15835 as amended on October 9, 2012 at 77 FR 61467 and Federal Register / Vol. 86, No. 82 / Friday, April 30, 2021 / Notices.

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

Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rates.

Total Estimated Burden Hours: 5,000

Total Estimated Annual Cost: \$237,650

5,000 respondents x 60 min. = 5,000

Annual Hour Burden: 5,000

Annual Cost:

The annualized cost to respondents is approximately:

\$47.53/hour x 5,000 respondents = \$237,650

(SBA estimates that the information in this form is collected and compiled by a person with an average salary equivalent to a financial analyst at a grade of a GS-12, Step 1, located in the Washington, DC locality, averaged at approximately \$47.53 per hour).

Reporting	1 hour	1 hour	\$47.53
Record Keeping	N/A	N/A	N/A
Third Party Disclosure	N/A	N/A	N/A
Total	1 hour	1 hour	\$47.53

13. Estimate of total annual cost burden for submission.

There are no start-up costs to the respondents.

14. Estimated annualized costs to the Federal government.

The following are estimated annual cost to the Federal Government:

Total Estimated Annual Cost: \$237,650

Review time = 30 minutes

Cost per hour, SBA personnel = \$47.53

(1/2 of \$47.53 = \$23.77 per ½ hour)

Cost = \$24.77 x 5,000 = \$118,850

This cost is based on the number of cases transferred to liquidation and the hour rate is based on that of a liquidation loan specialist with an average grade of GS-12, Step 1, from the Washington, DC locality, at \$47.53 an hour

15. Explanation of program changes in Items 13 or 14 on Form 83-I.

None

Annual Number of Responses for this IC	5000	0	0	0	0	0
Annual IC Time Burden (Hour)	5000	0	0	0	0	0
Annual IC Cost Burden (Dollars)	\$237,650	0	0	0	0	0

16. Collection of information whose results will be published.

Not applicable. The results of this collection of information will not be published.

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 usage.
