

SUPPORTING STATEMENT

for Paperwork Reduction Act Submission

SBA Supervised Lenders Reports to SBA: Provisions of 13 CFR 120.460-464, 468, 470, 473, and 1511

OMB Control Number 3245-0077

SBA is requesting extension without change of a previously/currently approved collection (OMB Control No. 3245-0077).

A: JUSTIFICATION

1. Need & Method for the Information Collection.

This information collection is authorized by 15 U.S.C 650; 15 U.S.C. 657t; 13 CFR Sections 120.460- 464, 468, 473 and 1511) and is necessary for SBA to provide effective oversight of Small Business Lending Companies (SBLCs), Non-Federally Regulated Lenders (NFRLs), and Community Advantage Small Business Lending Companies (CA SBLCs), together referred to as SBA Supervised Lenders. SBA Supervised Lenders are 7(a) lenders for which SBA is the primary Federal regulator and, in some cases, the sole regulator. A copy of each provision setting out the requirements is attached. Please note that there is no reporting form for this requirement – SBA Supervised Lenders should follow the reporting requirements contained in 13 CFR 120. Also, the Community Advantage Pilot Loan Program expired in 2023 and all Community Advantage Pilot Lenders were transitioned to CA SBLCs by October 31, 2023.

There are no substantive changes to this information collection.

2. Use of Information.

SBLCs and NFRLs are required to provide annual audited financial statements, capital certifications, quarterly interim financial statements and other reports as needed. Lenders participating as CA SBLCs are also required to submit information on their Loan Loss Reserve Account and underserved market distributions. SBA uses the information collected and the records lender is required to retain to facilitate safety and soundness examinations/reviews and assess the financial condition of lenders, as well as compliance with program requirements. This information allows SBA, as guarantor of 50 – 90% of an SBA Supervised Lender's SBA portfolio to intervene, when necessary, to address any identified deficiencies in a timely manner and to protect the interests of the United States.

3. Use of Information Technology.

All reports are submitted electronically to SBA at OCRMreporting@sba.gov.

4. Non-duplication.

None of the information collected is publicly available. The information collected and records requested to be maintained, including for example, the annual and quarterly financial

statements submitted by SBA Supervised Lenders and the Board minutes and internal control policies SBA Supervised Lenders are to maintain, are largely information and reporting already produced by lenders, as they are necessary for reports to Boards, management, and outside funders. The additional information submitted by CA SBLCs is necessary for assessment of compliance with program requirements. There is no other source for this information.

5. Burden on Small Business.

This collection of information will not have a significant economic impact on a substantial number of the affected SBA Supervised Lenders. Further, this collection allows SBA Supervised Lenders to submit financial reports that have been prepared for other purposes and does not require them to submit them in a specified format.

6. Less Frequent Collection.

Failure to collect this information could result in lenders' continuing to operate under unsafe and unsound conditions and would impair SBA's ability to determine whether the CA SBLCs are reaching their individual under-served market lending requirement. Failure to collect the information, or to collect it less frequently, would also increase the risk of losses and have an adverse impact on the costs of operating the SBA 7(a) loan program.

If it is determined that a lender's financial condition is very weak, or if significant concerns with compliance, risk, or program integrity are identified, SBA may require monthly reporting, but this is very unusual. In addition, this collection of information requires retention of certain records for a period of 6 years after the life of a loan, and the permanent preservation of certain records and documentation related to financial statements and other reports pursuant to 13 CFR §120.461(c). The 6-year retention requirement is consistent with the statute of limitations for causes of action involving loan debts. 28 USC 2415.

7. Paperwork Reduction Act Guidelines

There are no special circumstances.

8. Consultation and Public.

Notice of this information collection with request for public comment was published in the Federal Register on December 15, 2023. See 88 FR 87044. The comment period ended on February 13, 2024. No comments were received. We regularly consult with lenders regarding the clarity of instructions and the burden of the reporting requirement. We allow lenders to submit the information in a report format that they choose which lessens the burden upon them.

9. Gifts or Payment.

No payments or gift to respondents will be provided for this collection.

10. Privacy and Confidentiality.

The financial information primarily required in this information collection describes the operating condition of each lender and does not include any personally identifiable information. Disclosure of the information could create a condition of competitive harm to entities with limited financial resources. The information collected will be protected to the extent permitted by law, including the Freedom of Information Act, 5 U.S.C. 552 See also 13 CFR 120.1060, *Confidentiality of Reports, Risk Ratings and related Confidential Information*, and SOP 50 53 2, Chpt 1, Para. 1.h. No assurance of confidentiality on the form

11. Sensitive Questions.

No information of a sensitive nature, as described in these instructions, is required.

12. Burden Estimate

The information collection is required for 174 lenders, consisting of 32 SBLCs and NFRLs and 142 CA SBLCs. While most of the information collected, like the annual and quarterly condition reports is required, some is ad hoc and occurs on an exception basis. The annual and quarterly reports for SBLCs and NFRLs (other than CA SBLCs) are produced for other recipients and will not require additional preparation time to meet SBA’s reporting requirement. As submission is electronic, submission time is minimal. The recordkeeping is also information that lenders would already maintain. The 568 quarterly and 142 annual reports for CA SBLCs are specific to this program. With each CA SBLC taking 10 hours to respond annually (2 hours per reporting period), total recordkeeping estimate is 1,420 hours. Reporting required for other than annual and quarterly reports is extremely unusual and would add a minimal burden, as the information is usually relayed in an email or letter.

Chief Compliance Officer (responsible for preparation of these reports) salary rate of \$107 per hour used was based on the average salary for a seasoned Chief Compliance Officer (in 75th percentile of salaries) that was published by Robert Half International (2024 salary guide for accounting and finance). The 10 hours per lender estimate is based on an informal survey of CA SBLCs. SBA estimates an annual cost of \$1,070 per CA SBLC (or approximately \$151,940 for all CA Lenders) to comply with the information collection process. The charts below depict the hour and cost burden estimates for individual CA SBLC quarterly and annual reporting and for all CA SBLC quarterly and annual reporting. Based on this information, the total estimated hour burden for this collection is 1,420 hours, and the total estimate cost burden is \$151,940.

Cost per CA SBLC	Hourly Wage	# Hours	Total Cost per CA SBLC
Position			
Chief Compliance Officer	\$107	10	\$1,070

	Annual Time Burden (Hours)	Annual Cost Burden (Dollars)
Reporting	1,420	\$151,940.00
Record Keeping	n/a	n/a
Third Party Disclosure	n/a	n/a
Total	1,420	\$151,940.00

13. Estimated Nonrecurring Costs.

Other than outlined above, there are no additional costs resulting from the collection of information.

14. Estimated Costs to the Government.

The reports submitted are analyzed by contractor staff and reviewed by SBA financial analysts. The cost to SBA for all technical assistance performed by the contractor is \$33,473.13 per month in fiscal year 2024. Total annual expenditure is approximately \$401,684.50.

The 895 responses that are provided by SBLCs, NFRLs, and CA SBLCs quarterly and annually are reviewed by SBA financial analysts. Each review takes approximately 15 minutes, for approximately 223.75 hours per year in total. The work is completed by three financial analysts at a GS – 14 step 5, with an average hourly rate of \$75.70 per hour plus 100% benefit allocation, or approximately \$151.40 per hour. The total cost to the government (for Federal and Contract staff) of this work is \$401,684.50 per year.

Position	Grade	Step	Hourly Wage	# of Hours per month	Monthly Cost	Annual Cost
Financial Analyst	14	5	\$ 151.40	18.65	\$ 2,823.00	\$ 33,883.00
Contract Senior Financial Analyst	n/a	n/a	\$ 128.59	26.5	\$ 3,407.64	\$ 40,891.62
Contract Senior Program Analyst	n/a	n/a	\$ 82.16	159.5	\$ 13,104.52	\$ 157,254.24
Contractor Program Analyst	n/a	n/a	\$ 79.42	159.5	\$ 12,667.49	\$ 152,009.88
contract Administrative Assistant	n/a	n/a	\$ 61.27	24.0	\$ 1,470.48	\$ 17,645.76
				total cost	\$ 33,473.13	\$ 401,684.50

15. Reasons for Changes.

Analysis has been updated to reflect: 1) requirement in 13 CFR 120.464 that all CA SBLCs, regardless of activity level, provide quarterly reports to SBA and 2) the increase in number of CA SBLCs since 2021. The total number of respondents is 179 (142 CA SBLCs and 32 SBLC/NFRLs).

	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Respondents for this IC	174	0	36	0	0	143
Annual IC Time Burden (Hour)	1,420	0	48	360	0	1,012
Annual IC Cost Burden (Dollars)	\$151,940.00		\$40,392	\$11,360.00		\$100,188.00

16. Publicizing Results.

None of the information collected will be published.

17. OMB Not to Display approval.

We are not seeking approval to not display an expiration date.

18. Exceptions to Certifications for Paperwork Reduction Submissions.

There are no exceptions to the certification statement.

B. Collection of Information Employing Statistical Methods

Not applicable. The collection of information is not a survey and does not employ statistical methods.