



SMALL BUSINESS ADMINISTRATION

Data Collection Available for Public Comments

ACTION: 60-day notice and request for comments.

SUMMARY: The Small Business Administration (SBA) intends to request approval, from the Office of Management and Budget (OMB) for the collection of information described below. The Paperwork Reduction Act (PRA) requires Federal agencies to publish a notice in the **Federal Register** concerning each proposed collection of information before submission to OMB, and to allow 60 days for public comment in response to the notice. This notice complies with that requirement.

DATES: Submit comments on or before [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Send all comments to Bethany Shana at bethany.shana@sba.gov, 202-205-6402, Office of Credit Risk Management, Office of Capital Access, Small Business Administration.

FOR FURTHER INFORMATION CONTACT: Bethany Shana, bethany.shana@sba.gov, 202-205-6402 or Alethea Ten Eyck-Sanders, Agency Clearance Officer, alethea.teneyck-sanders@sba.gov.

SUPPLEMENTARY INFORMATION: SBA's Office of Credit Risk Management (OCRM) is responsible for the oversight and supervision of the SBA operations of over 2800 7(a) Lenders, Certified Development Companies ("CDCs"), and Microloan Intermediaries ("Intermediaries") that participate in SBA's business loan programs and is responsible for enforcement of the applicable rules and regulations. Currently, the Agency guarantees more than \$110 billion dollars in small business loans through these programs. The information collection described in detail below helps OCRM protect the safety and soundness of the business loan programs and taxpayer dollars.

In general, SBA collects information in connection with reviews for federally regulated 7(a) Lenders, CDCs, and SBA Supervised Lenders including Small Business Lending Companies (SBLCs) and Non-Federally Regulated Lenders (NFRLs).

7(a) Lender Diagnostic, Limited Scope, Limited Scope (Targeted) Reviews; CDC SMART Reviews; and Supervised Lender Safety and Soundness Exams

Common Information Collected

In general, SBA requests information related to the 7(a) Lender's or CDC's management and operation, eligibility of its SBA loans for SBA guaranty, compliance with SBA Loan Program Requirements, credit administration, and performance of its SBA loan portfolio.

Management and Operations: The information requested generally includes the SBA program organization chart with responsibilities, business plan, financial and program audits, evidence of Lender compliance with regulatory orders and agreements (if applicable and as appropriate), and staff training on SBA lending.

Eligibility and Credit Administration: In reviewing these areas, SBA may request the Lender's or CDC's credit policies and procedures; servicing policies and procedures; loan sample files; independent loan reviews; underwriting, loan credit scoring, risk rating methodologies; and information on loans approved as exceptions to policy.

Compliance with Loan Program Requirements: Here, SBA generally collects information on services and fees charged for Lenders' third-party vendors,¹ Lender's FTA² trust account, and Lender's use of the System for Awards Management to perform agent due

¹ For purposes of this notice, Third-party vendors include, for example, Loan Agents (e.g., Packagers and Lender Service Providers) and Professional Managers with management contracts.

² FTA refers to SBA's Fiscal and Transfer Agent. 7(a) Lenders that sell SBA loans in the Secondary Market are required by the terms of the Form 1086, Secondary Participation Guaranty Agreement, to deposit the guaranteed portion of loan payments in a segregated account for the benefit of investors.

diligence. For CDCs, SBA collects additional information related to Loan Program Requirements as described below in section I.C.

Portfolio Performance: In considering Lender or CDC portfolio performance, SBA may request that lenders provide a listing of loans indicating those past due, those with servicing actions, individual risk ratings, and those in liquidation or purchased for SBA to compare with SBA data. SBA may also request that lenders provide an explanation for risks identified (e.g., identified by higher risk metrics or PARRiS flags triggered). Further details on the information SBA collects in reviews, and Safety and Soundness Exams is contained in the SBA Supervised Lender Safety and Soundness Examination/Full Review Information Request; 7(a) Lender Diagnostic Review Request; 7(a) Lender Limited Scope Review Request; 7(a) Lender Limited Scope (Targeted) Review Request; CDC SMART Targeted Review Information Request; and CDC SMART Full Review Information Request. Each Information Request document is available upon request.

SBA Supervised Lender Supplemental Information for Safety and Soundness

Exams

CDC Supplemental Information

SBA is also the primary Federal regulator for CDCs and guarantees 100% of 504 program debentures. Therefore, SBA requests additional information to prudently oversee CDCs, as it does for SBA Supervised Lenders. The additional information generally requested includes corporate governance documents and information on Lenders' financial condition, internal controls and risk mitigation practices, and a CDC's plan for investment in other local economic development. In addition, SBA requests, as

applicable, information on a CDC's Premier Certified Lenders Program (PCLP) Loan Loss Reserve Account and loans that CDC packages for other 7(a) lenders. Interested parties may request a copy of the CDC SMART Reviews, SMART Targeted Review Information Request, and CDC SMART Full Review Information Request for more details on this supplemental information request.

Microloan Intermediary Reviews

For Microloan Program Intermediary oversight, SBA District Offices perform an annual site visit for active Intermediaries. SBA requests information, for example, on SBA program management and operations including organizational chart with responsibilities, contact information, Promissory notes, and credit policies and procedures. SBA primarily reviews the Intermediary's credit administration through a loan sample file request. Specifics on the information collected are contained in SBA's Microloan Intermediary Site Visit/Review Information Request document, a copy of which is available upon request.

Solicitation of Public Comments:

SBA is requesting comments on (a) Whether the collection of information is necessary for the agency to properly perform its functions; (b) whether the burden estimates are accurate; (c) whether there are ways to minimize the burden, including through the use of automated techniques or other forms of information technology; and (d) whether there are ways to enhance the quality, utility, and clarity of the information.

Summary of Information Collection:

PRA NUMBER: OMB Control Number 3245-0365

(1) Title: SBA Lender and Microloan Intermediary Reporting Requirements

Description of Respondents: 7(a) Lenders (including SBA Supervised Lenders),
Certified Development Companies, and Microloan Intermediaries

Total Estimated Annual Responses: 2083

Total Estimated Annual Hour Burden: 17,279

Alethea Ten Eyck-Sanders,

Agency Clearance Officer.

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