

Supporting Statement
Renewable Energy Systems and Energy Efficiency Improvements Program
Under Title IX, Section 9006
0570-0050

TERMS OF CLEARANCE:

This collection is approved for three years. USDA should amend the forms and instructions associated with this collection as necessitated by changes to the final rule. In addition, Form RD 4280-2 should be made available in electronic format on USDA's website.

The forms associated with the collection have been amended and can be accessed at <http://www.rurdev.usda.gov/regs/formstoc.html>.

A. Justification

1. Explain the circumstances that make the collection of information necessary.

The collection of this information is required pursuant to the passing of the Farm Security and Rural Investment Act of 2002 (Act), which established the Renewable Energy Systems and Energy Efficiency Improvements Program under Title IX, Section 9006. The Act requires the Secretary of Agriculture to create a program to make direct loans, loan guarantees, and grants to farmers, ranchers, and rural small businesses to purchase renewable energy systems and make energy efficiency improvements. The program is designed to help farmers, ranchers, and rural small business reduce energy cost and consumption, develop new income streams, and help meet the nation's critical energy needs. Mandatory funding in budget authority is being provided, which began in fiscal year (FY) 2003, to the Rural Business-Cooperative Service (RBS) annually for 5 years. For fiscal year 2008, budget authority of \$11,455,604 (which translated into a program level of \$176,511,618) was allotted for guaranteed loans, and \$11,385,000 was allotted for grant funding.. The Act also mandates the maximum percentage RBS will provide in funding for these types of projects.

Because there are no specific requirements at this time associated with a direct loan program, this burden statement and its estimate of burden only reflect the burden associated with grants and guaranteed loans.

2. Explain how, by whom, and for what purpose the information is to be used.

Farmers, ranchers, and rural small businesses that wish to apply for the grant or guaranteed loans will have to submit applications with specified forms, certifications, and agreements to the State Rural Energy Coordinator. This information will be used to determine applicant eligibility, to determine project eligibility and feasibility, and to ensure that grantees/borrowers operate on a sound basis and use funds for authorized purposes.

GRANTS

REPORTING REQUIREMENTS – NO FORMS

Appeals

The applicant, borrower, lender, or holder may appeal any adverse Agency decision. Only applicants may appeal adverse decisions on the grant application. Appeals are handled in accordance with Departmental appeal regulations.

Application

Applicants may submit a simplified application if their proposed project's total eligible project costs are \$200,000 or less; otherwise, a full application is to be submitted. In either case, the written portion of the application consists of the following components (unless otherwise noted):

1. The applicant must address and submit one original and one copy of the complete application.
2. A detailed Table of Contents containing page numbers for each component of the application.
3. A project summary of the proposal, including title of the project, a description of how they meet the definition of an eligible applicant, and how the project meets the criteria for an eligible project.
4. The applicant must provide statement certifying that the applicant meets the definition of demonstrated financial need. Applicants not submitting simplified applications must also provide information or documentation that allows the Agency to make its own determination as to the applicant's financial need.
5. All applicants must provide a description of their total farm/ranch/business operation and the relationship of the proposed project to the applicant's total farm/ranch/business operation and a description of the ownership of the applicant, including a list of individuals and/or entities with ownership interest, names of any corporate parents, affiliates, and subsidiaries, as well as a description of the relationship including products between these entities.
6. Applicant must provide financial information for size determination. For rural small businesses, the applicant must provide sufficient information to determine total annual receipts for and number of employees of the business and any parent, subsidiary, or affiliates at other locations. Voluntarily providing tax returns is one means of satisfying this requirement. The information provided must be sufficient for the Agency to make a determination of business size as defined by the Small Business Administration. For agricultural producers, the applicant must provide the gross market value of your agricultural products, gross agricultural income, and gross non-farm income of the applicant for the calendar year preceding the year in which you submit your application.

7. For full applications only, the applicant must also provide historical financial statements prepared in accordance with Generally Accepted Accounting Practices (GAAP) for the past 3 years, including income statements and balance sheets. If agricultural producers are unable to present this information in accordance with GAAP, they may instead present financial information for the past years in the format that is generally required by commercial agriculture lenders. Applicant must provide a current balance sheet and income statement prepared in accordance with generally accepted accounting principles (GAAP) and dated within 90 days of the application. Agricultural producers should present financial information in the format that is generally required by commercial agriculture lenders. In addition, applicants must provide pro forma balance sheet at startup of the agricultural producer's/rural small business' business that reflects the use of the loan proceeds or grant award; and 3 additional years, indicating the necessary start-up capital, operating capital, and short-term credit; and projected cash flow and income statements for 3 years supported by a list of assumptions showing the basis for the projections.
8. Applicants must submit a spreadsheet identifying sources of matching funds, their amounts, and the status of matching funds. The spreadsheet must also include a directory of matching funds source contact information and any applications, correspondence, or other written communication between applicant and matching fund source.
9. Applicants must submit a self-score of the project using the evaluation criteria in § 4280.112(e), including appropriate calculations and attached documentation, or specific cross-references to information elsewhere in the application.
10. Applicants must submit a technical report that conforms to Appendix A in the rule for projects with total eligible project costs of \$200,000 or less or to Appendix B for projects with total eligible project costs greater than \$200,000 or if the applicant is submitting a simplified application for a technology that does match one in Appendix A.
11. A business-level-feasibility study prepared by an independent qualified consultant may be required for all renewable energy system projects that exceed \$200,000. The business-level feasibility study must include an evaluation of the market, financial, economic, technical, and management feasibility of the proposed project. This study must also include an opinion and a recommendation by the independent consultant. Energy efficiency improvement projects do not require a business-level feasibility study to be completed.
12. All applications for energy efficiency improvement projects with total eligible project costs greater than \$50,000 must provide an energy audit. For energy efficiency improvement projects with total eligible project costs of \$50,000 or less, either an energy assessment or energy audit must be submitted.
13. An environmental analysis completed in accordance with 7 CFR part 1940, subpart G.
14. Intergovernmental consultation - The applicant is required to notify the designated State

clearinghouse of its proposal. This is to ensure the project is in compliance with State and local development strategies.

15. Certification indicating whether or not there is a known relationship or association with an Agency employee.

Evaluation Criteria.

Due to limited program funding, the Agency assigns a funding priority point score to each application to assist in project selection.

Certification for contracts, grants and loans required by 7 CFR 3018.110 if grant exceeds \$100,000

7 CFR 3018.110 imposes prohibitions and requirements for disclosure and certification related to lobbying on recipients of Federal contracts, grants, cooperative agreements, and loans.

Insurance.

National flood insurance in accordance with 7 CFR part 1806, subpart B, and, except for projects with total eligible project costs of \$200,000 or less, business interruption insurance appropriate to the grantee's particular business and circumstances are required.

Construction Planning and Performing Development

RBS will use construction planning and performing development requirements of 7 CFR part 1780, subpart C, will be used for grants. Owners are allowed to perform project development work provided they meet certain experience requirements.

Project Performance Report

Grantees will be required to submit a project performance report on a quarterly basis. The report will compare actual accomplishments to objectives, provide explanations if objectives are not obtained, and outline ways to correct problem situations. It will also outline objectives and timetables for the next reporting period.

Financial Audit Report

For the years in which grant funds are received, the grantee will be required to submit an audit in accordance with 7 CFR part 3052.

Final Project and Periodic Servicing Performance Reports

Grantees will be required to submit periodic servicing reports. For renewable energy projects, these reports will include information on the quantity of energy produced, environmental benefits, return on investment, a summary of the cost of operating and maintaining the facility, a description of any maintenance or operational problems associated with the facility, and recommendations for development of future similar projects. For energy efficiency improvement projects, the report will identify the actual amount of energy saved due to the energy efficiency improvements.

In addition, they will be required to submit a final project performance report, which must address the following items in addition to the previously stated requirements for the project performance report: a detailed project funding and expense summary; summary of facility installation/ construction process including recommendations for development of similar projects by future applicants to the program.

REPORTING REQUIREMENTS – FORMS APPROVED WITH THIS DOCKET

Form RD 4280-2, “Renewable Energy/Energy Efficiency Grant Agreement”

RBS and the grantee at grant closing execute the grant agreement. This document outlines the responsibilities of the grantee. This document is necessary to ensure grant funds are used only for the purposes and activities specifically approved.

Form RD 1940-20, “Request for Environmental Information”

This form requests, from the applicant, environmental information regarding the elements of its application. This information is, in turn, used by Rural Development to complete an environmental assessment of the application.

Form RD 4279-1, “Application for Loan Guarantee (Business and Industry)” and Form RD 4279-1A, “Application for Loan Guarantee (Business and Industry Short Form-One Doc)”

The information collected on these forms is used by the Agency to determine applicant eligibility for program assistance and to provide financial and other data about the applicant and lender. Form RD 4279-1 contains three parts. The borrower completes part A, the lender completes Part B, and Part C is used by the Agency to evaluate parts A and B and the credit in general. Form RD 4279-1A contains two parts – the borrower completes Part I and the lender completes Part II.

Under the 9006 program, if the guaranteed loan amount is greater than \$600,000, Form RD 4279-1 is used. If the guaranteed loan amount is \$600,000 or less, then Form RD 4279-1A is used.

Form RD 4279-3, “Conditional Commitment”

The form is used by the Agency to provide notice to the lender and lender acceptance that the guarantee request is approved subject to the conditions established by the Agency and listed on the form.

Form RD 4279-4, “Lender’s Agreement”

This form is the signed agreement between USDA and the lender setting forth the lender’s loan responsibilities. Each lender will execute the form once.

Form RD 4279-5, “Loan Note Guarantee”

This form is used to identify the terms and conditions of the guarantee and is issued and executed by the Agency. This form is an Agency generated form and, therefore, is not listed on the spreadsheet.

Form RD 4279-6, “Assignment Guarantee Agreement”

The form is the signed agreement between the Agency, lender, and holder, setting forth the terms and conditions of an assignment of all or a portion of the guaranteed portion of a loan.

Form RD 4279-7, “Certificate of Incumbency and Signature”

This form is used by the Agency to certify signatures associated with Form 4279-5, “Loan Note Guarantee,” Form 4279-4, “Lender’s Agreement,” and Form 4279-6, “Assignment Guarantee Agreement.” This form is an Agency generated form and, therefore, is not listed on the spreadsheet.

REPORTING REQUIREMENTS - FORMS APPROVED UNDER OTHER OMB NUMBERS

Standard Form 424, “Application for Federal Assistance”

The form is used by applicants as a required fact sheet for applications submitted for Federal assistance. This form was approved under OMB No. 4040-0004.

Standard Form 424C, “Budget Information – Construction Programs”

The form is used by applicants to breakdown the line item budget costs in detail. This form was approved under OMB No. 4040-0008.

Standard Form 424D, “Assurances – Construction Programs”

The form is signed by applicants to provide assurances that they will meet certain requirements of OMB Circular A-102. This form was approved under OMB No. 4040-0009.

Form AD-1049, “Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - For Grantees Other Than Individuals”

This form identifies the items that the grantee must certify to in order to carry out a drug-free workplace.

Form AD-1048, “Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions” or other written documentation

This form certifies that lower tier participants are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation by any Federal department or agency.

Standard Form LLL, “Disclosure of Lobbying Activities”

All applicants are required to complete this form, regardless of their involvement in lobbying activities. This form was approved under OMB No. 0348-0046.

Form AD-1047, “Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions” or other written documentation

This form certifies that the applicant is not presently debarred, suspended, or voluntarily excluded from covered transactions by any Federal department or agency.

Form RD 400-1, "Equal Opportunity Agreement"

All applicants and recipients are required to complete this form to comply with Equal Opportunity requirements. This form was approved under OMB No. 0575-0018.

Form RD 400-4, "Assurance Agreement"

All applicants and recipients are required to complete this form to comply with Civil Rights Acts and laws. This form was approved under OMB No. 0575-0018.

Form 1940-1, "Request for Obligation of Funds"

This form is completed for each note or commitment requiring an obligation of funds.

Standard Form 271, "Outlay and Request for Reimbursement for Construction Programs"

This form is used by the grantee to request advances or reimbursement of cash outlays. This form was approved under OMB No. 0348-0002.

GUARANTEED LOANS

REPORTING REQUIREMENTS - NO FORMS

Appeals

The applicant, borrower, lender, or holder may appeal any adverse Agency decision. Appeals are handled in accordance with Departmental appeal regulations.

Application Requirements

The applicant provides the same information in a guaranteed loan application shown earlier for Grants under "Application," except for documentation of financial need. In addition, the following would be included:

1. Personal credit reports - Used to evaluate the credit history of the owners as an aid in the credit evaluation completed by the Agency and lender. These are typically required by lenders for non-guaranteed loans.
2. Appraisals - Appraisals completed in accordance with § 4280.141 of this subpart. If the appraisals are not complete at the time the application is filed, the applicant must submit an estimated appraisal. In all cases, a completed appraisal must be submitted prior to the loan being closed. The applicant pays for certified appraisers to complete appraisals in accordance with industry standards. Lenders typically require appraisals completed in accordance with industry standard on non-guaranteed loans and they typically require the applicant to pay for them. There may be situations where the Agency requires an appraisal when the lender would not. Appraisals are used to determine the value of borrower assets being offered as collateral to ensure the loan is adequately secured.
3. Commercial credit report - The lender provides a credit report on the business and related firms. They provide aids in making a determination concerning the credit worthiness of the applicant. These reports are typically required by lenders for non-guaranteed loans.

4. Current personal and corporate financial statements of any guarantors - Used to evaluate the financial strength of the owners to determine if they will be able to inject additional resources into the business if needed, thus providing a measure of comfort. These are typically required by lenders for non-guaranteed loans.
5. Lender's analysis - The lender prepares a complete comprehensive credit analysis that is the lender's justification for making the loan. The Agency relies on this analysis as a basis for approving the request. In most cases, the lender would prepare a loan analysis for its internal loan committee, but possibly not as comprehensive as required by the Agency.
6. Lender certification - A certification by the lender that indicates the lender has completed a comprehensive written analysis of the proposal, the borrower is eligible, the loan is for authorized purposes, and there is reasonable assurance of repayment ability based on the borrower's history, projections and equity, and the collateral to be obtained. The lender would not prepare this if it were not required by the Agency.
7. Proposed Loan Agreement - An agreement between the lender and the borrower establishing conditions for the loan such as collateral, repayment schedule, loan purpose, and other conditions. They are a general lender practice for all commercial loans. The Agency reviews the proposed document to aid in its loan analysis. Always required by lenders for non-guaranteed loans, but the Agency may require more covenants than the lender would typically require.

Evaluation Criteria

Due to limited program funding, the Agency assigns a funding priority point score to each application to assist in project selection. Lenders are asked to consider Agency priorities when choosing projects for guarantees and will provide information to the Agency needed to calculate the project score.

Financial statements

The Agency directs the lender to determine the type and frequency of submission of the financial statements by the borrower, so long as they are completed by an accountant at least annually in accordance with Generally Accepted Accounting Principles (GAAP). This is what a lender would typically require on similar non-guaranteed loans, and, lenders often require quarterly statements for new or problem accounts. However, there may be situations where the lender reporting requirements would be less. Also, if specific circumstances warrant, the Agency may require annual audited financial statements, which may be more than a lender would require. The burden reported here is just the time needed to determine the type of reporting to require of the borrower.

The specific requirement for borrower financial reporting is established in the loan origination phase, but most of the burden to the public associated with it is covered under the servicing portion of the program regulations which is 7 CFR 4287-B. Only the time required to establish the requirement is reported here. The information is used by the Agency to monitor the progress of the business and to help to identify potential problems before they become critical, thus

helping to keep business failures and Agency losses to a minimum.

Certification for contracts, grants and loans required by 7 CFR 3018.110 if loan exceeds \$150,000

7 CFR 3018.110 imposes prohibitions and requirements for disclosure and certification related to lobbying on recipients of Federal contracts, grants, cooperative agreements, and loans.

Interest Rate Change

A change in the interest rate between the date of issuance of the Conditional Commitment and before the issuance of the Loan Note Guarantee must be requested by the lender and approved by the Agency in writing. The potential effect on project feasibility must be reviewed by the Agency.

Construction Planning and Performing Development

The lender must ensure that construction of projects will be completed with available funds. The lender must also monitor the construction to ensure the project is completed in accordance with the plans and specifications and keep the Agency informed. Lenders typically do most of this for non-guaranteed loans. However, some Federal laws do not apply to loans without Federal involvement and the lender would not have to provide reports to the Agency for non-guaranteed loans.

Sale or assignment of guaranteed loans

The lender may sell the loan in the secondary market. This is a typical business practice. The only burden imposed by the Agency is requiring the lender to advise the Agency that it wants to sell the loan and requesting the Agency to execute the appropriate documents. The balance of the burden is imposed by requirements of the secondary market, and is not reported here. The burden is reported under Form RD 4279-6.

Repurchase from the holder

When a loan defaults, the holder makes demand for repurchase. A lender has the option to repurchase the unpaid guaranteed portion of the loan from a holder. If the lender does not repurchase the loan, the Agency will. The holder's demand will include documentation and the amount due. If the lender does not repurchase the loan, the lender will provide the Agency with information necessary for the Agency to determine the amount due.

Replacement of Document

When a Loan Note Guarantee is lost, stolen, destroyed, mutilated, or defaced by the lender or holder, the Agency will replace it when the lender provides the Agency with documentation and an indemnity bond.

Personal and Corporate Guarantees

This is a document that is prepared by the lender and executed by the applicant at closing. It is used to establish personal liability of those owning 20 percent or more of the borrowing entity (or corporate liability if a corporation owns 20% of the borrowing entity). Lenders typically require personal and corporate guarantees on non-guaranteed loans, but there may be situations where the Agency requires personal or corporate guarantees when the lender would not. Under

this rule, unconditional personal and corporate guarantees from passive investors are not required.

Transfer of lender

When the applicant or lender desires to change lenders prior to issuance of the guarantee, the Agency needs information to determine if the applicant is still eligible and the new proposed lender is eligible and capable of making and servicing the proposed loan.

Changes in borrower

When there is a change in the applicant's ownership or organization prior to the issuance of the guarantee, information is needed to determine if the applicant is still eligible for program assistance.

Conditions precedent to issuance of Loan Note Guarantee

This is the final check prior to issuance of the guarantee. It is a comprehensive certification from the lender that the borrower meets all requirements of the Conditional Commitment and other program requirements.

Issuance of Loan Note Guarantee

The lender advises the Agency when it is ready for closing and provides the Agency with the comprehensive certification required by the paragraph just above.

Refusal to execute Loan Note Guarantee

If the very unusual case where the Agency determines it cannot issue the guarantee, it will provide the lender with the reasons. The lender may provide documentation to satisfy the Agency objections.

Periodic Servicing Reports

Borrowers will be required to submit periodic servicing reports for renewable energy projects. These reports will include information on the quantity of energy produced, environmental benefits, return on investment, a summary of the cost of operating and maintaining the facility, a description of any maintenance or operational problems associated with the facility, and recommendations for development of future similar projects. For energy efficiency improvement projects, the report will identify the actual amount of energy saved due to the energy efficiency improvements.

Insurance

National flood insurance in accordance with 7 CFR part 1806, subpart B, and, except for projects with total eligible project costs of \$200,000 or less, business interruption insurance appropriate to the grantee's particular business and circumstances are required.

Agency and Lender Conference

The lender will meet with the Agency at the Agency's request to ascertain how the guaranteed loan is being serviced and ensure that conditions and covenants of the Loan Agreement and Conditional Commitment are being enforced. The Agency will meet with each lender at least annually. Because lenders typically have more than one guaranteed borrower, multiple

borrowers are discussed at a single visit.

Annual Financial Reports and Analysis

The lender is expected to fully analyze the annual financial statements for each borrower and provide the Agency with a written analysis and conclusions, including spreadsheets and ratio trend analyses that compare year-to-year historical financial information and also compare the borrower to industry standards for similar businesses. The lender's written analysis should include the borrower's strengths, weaknesses, extraordinary transactions, term loan agreement violations, and other indications of the financial condition of the borrower. Most lenders would complete the financial analysis, even if it were not guaranteed.

The lender must submit the annual financial statements to the Agency along with its spreadsheets and written analysis within 120 days of the end of the borrower fiscal year. This requirement is necessary for the lender and the Agency to service the loan and monitor the borrower's financial condition.

Interest Rate Adjustments

The lender is responsible for the legal documentation of interest rate changes by an endorsement or any other legally effective amendment to the promissory note. The Agency must be notified in writing of all interest rate changes. The Government's financial interest must not be adversely affected by any reduction in the interest rate. All adjustments to the interest rate must comply with § 4280.124.

When the change is simply a change in rate in a variable rate note, the Agency is typically advised by simple notation on Form RD 1980-41 or RD 1980-44. The burden associated with the forms is addressed separately in this package.

Release of Collateral

All releases must be based on a complete analysis of the proposal. The lender must submit written documentation to the Agency to justify releases of collateral that exceed 20 percent of the loan amount, prior to the release being made. This is to ensure that the loan will remain adequately secured.

Subordination of Lien Position

A subordination of the lender's lien position must be requested in writing by the lender and concurred by the Agency in writing in advance of the subordination. The subordination must enhance the borrower's business, and the Agency's interest in and lien position on the collateral, after subordination, must be adequate to secure the loan.

Transfer and Assumption

All transfers and assumptions must be approved in writing by the Agency and generally must be made to eligible borrowers. In all cases, the lender must make a complete credit analysis, subject to Agency review and approval. In addition, the lender will provide to the Agency a written certification that the transfer and assumption is valid, enforceable, and complies with all Agency regulations. A request by the lender for approval of new loan terms must be supported by an explanation of the reasons for the proposed change in loan terms.

An individual credit report must be provided for transferee proprietors, partners, officers, directors, and stockholders with 20 percent or more interest in the business. This information gives the loan officer a history of past credit payments on the transferee and aids the loan officer in making a determination as to the credit worthiness of the transferee.

In a transfer and assumption, the transferor, including any guarantor, may be released from liability on the loan only with prior Agency approval and only when the value of the collateral being transferred is at least equal to the amount of the loan being assumed. A current appraisal is needed to make such a determination.

Substitution of Lender

After the issuance of the Loan Note Guarantee, the lender shall neither sell nor transfer the entire loan to a new lender without the prior written approval of the Agency. The substitution of lender is requested in writing by the borrower and the proposed substitute lender if the original lender is still in existence. The new lender must agree in writing to acquire title to the non-guaranteed portion of the loan held by the original lender and assume all original loan requirements.

Protective Advances

Protective advances are advances made by the lender to preserve and protect the collateral. They must constitute as indebtedness of the borrower to the lender and be secured by the security instruments. The lender needs the Agency's written authorization when cumulative protective advances exceed \$5,000.

Liquidation Plan

If the lender concludes that liquidation is necessary, it must request the Agency's concurrence. Within 30 days after a decision to liquidate, the lender will submit to the Agency its proposed written detailed method of liquidation. Upon approval by the Agency of the liquidation plan, the lender will conduct the liquidation (as it would for any non-guaranteed loan). If significant changes to the plan become necessary, the lender must request Agency concurrence to alter the plan.

Acceleration

The lender (or the Agency, at its option, decides to take over servicing and liquidating of the account) will proceed to accelerate the indebtedness as expeditiously as possible when acceleration is necessary, including giving any notices and taking any other legal actions required. A copy of the acceleration notice or other acceleration documents will be sent to the Agency. The guaranteed loan will be considered in liquidation once the loan has been

accelerated and a demand for payment has been made upon the borrower.

Accounting and Reports

When the lender conducts liquidation, it will account for all funds during the period of liquidation, and will provide the Agency with reports at least quarterly on the progress of liquidation including disposition of collateral, resulting costs, and additional procedures necessary for successful completion of the liquidation.

Termination of Guarantee

A guarantee will be terminated automatically upon the written notice from the lender to the Agency that the guarantee will terminate in 30 days after the date of notice, provided that the lender holds the entire guaranteed portion of the loan.

REPORTING REQUIREMENTS - FORMS APPROVED UNDER OTHER NUMBERS

Under the Guaranteed Loan program, the applicant is required to submit the following forms, which are discussed earlier under the Grant Program:

- a. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions" or other written documentation.
- b. Standard Form LLL, "Disclosure of Lobbying Activities."
- c. Form RD 400-1, "Equal Opportunity Agreement."
- d. Form RD 400-4, "Assurance Agreement."
- e. Standard Form 271, "Outlay and Request for Reimbursement for Construction Programs."

Form RD 1980-19, "Guaranteed Loan Closing Report"

The information is used by the Agency to establish the account in its accounting system. The Agency prepares the form. The lender verifies it for accuracy. The form is cleared under OMB No. 0575-0137.

Form RD 1980-41, "Guaranteed Loan Status Report"

The Agency requires the lender to complete this form twice per year, June and December. The lender has the primary records on a guaranteed loan. The Agency uses this information collected from the lenders to determine the status of the guaranteed loan and forecast losses. The information is also used in the completing the Agency financial statements.

Form RD 449-30, "Loan Note Guaranteed Report of Loss"

The Agency requires the lender to use of this form to process estimated and final reports of loss on guaranteed loans.

Form RD 1980-44, “Guaranteed Loan Borrower Default Status”

The Agency requires the lender to complete this form on all delinquent loans every two months. The Agency uses this information to determine the lender’s compliance with the Lender’s Agreement in properly servicing delinquent accounts.

Form RD 1980-43, “Lender’s Guaranteed Loan Payment to USDA”

The Agency requires the lender to use of this form to send guaranteed loan payments to the Agency Finance Office on loans repurchased from the secondary market.

3. Describe any consideration of the use of improved information technology to reduce burden any technical or legal obstacles to reducing burden.

RBS has considered the use of improved information technology to reduce the burden on the applicants. The information required is specific to each applicant/grantee. Some may be farmers or ranchers and not equipped for high technology information gathering. The information involved is unique to each particular case. The written narrative portion of the application would assist the applicant and RBS because most of this could be completed on a word processor. RBS is in the process of preparing worksheets to help reduce the effort associated with preparing applications. When the final rule is published, it could be posted on RBS web site along with all the forms for the applicant to print off. However, RBS does not anticipate electronic submission of the application package by the applicants.

4. Describe efforts to identify duplication.

There is no duplication of information requested. RBS is utilizing existing forms for the application. In addition, only one set of forms and certifications is being requested when submitting the required two applications (one original and one copy). There will be no similar or existing information that could be submitted; therefore, there will be no duplication.

5. If the collection of information involves small businesses or other small entities, describe the methods used to minimize the burden.

The information collection required for this initiative places no burden on small entities beyond that performed in normal business practice. RBS is using government-wide forms that are familiar to many applicants.

6. Describe the consequences to Federal program or policy activities if the collection were conducted less frequently.

The application information is only collected once rather than frequently. It is necessary to receive this information to select the projects that will receive financial assistance under this program. Project performance reports are required quarterly to ensure proper oversight.

7. Explain any special circumstances that require the collection of information to be conducted in a manner:

- a. Requiring respondents to report information more than quarterly. There are no information requirements that require specific reporting on more than a quarterly basis.
 - b. Requiring written responses in less than 30 days. There are no information requirements that require specific reporting in less than 30 days.
 - c. Requiring more than an original and two copies. There are no information requirements that require more than an original and two copies.
 - d. Requiring respondents to retain records for more than 3 years. Retention of financial records, supporting documents, statistical records pertinent to the grant is required for 3 years after final grant disbursement, except when an audit finds the grantee in violation of the grant terms and conditions.
 - e. Not using statistical sampling. There are no such requirements.
 - f. Requiring use of statistical sampling which has not be reviewed and approved by Office of Management and Budget (OMB). No such requirements exist.
 - g. Requiring a pledge of confidentiality. There are no such requirements.
 - h. Requiring submission of proprietary trade secrets. There are no such requirements.
8. Comments on Agency's notice in the Federal Register and efforts to consult with persons outside the Agency to obtain their views on the availability of data, frequency of collection, the clarity of the instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

In accordance with the Paperwork Reduction Act of 1995, the Agency published a notice in the Federal Register on January 9, 2008, [73 FR 1578]. No comments were received.

A stakeholder meeting was held on December 3, 2002, to collect input, including information on the collection of information, from the public on the implementation of Section 9006, Renewable Energy System/Energy Efficiency Improvement program. Written comments from the public were also encouraged and received. RBS took into consideration all verbal and written comments in developing the program and during the final rule promulgation process. The information collection contained in this regulation and the estimate of burden to be collected was discussed with potential applicants and recipients at that time. Those interviewed were consistent in their estimates of effort to fill out the associated paperwork and did not believe the effort was unnecessary. No substantial changes have been made to reporting requirements since the submission of the initial burden package in 2005. Streamlining of the applications process is on-going.

9. Providing payments or gifts to respondents.

No payments or gifts are provided to respondents.

10. Describe any assurances of confidentiality provided to respondents and the basis for the assurances in statute, regulation, or Agency policy.

There is no assurance of confidentiality provided to respondents for the information required.

11. Provide additional justification for any question of a sensitive nature, such as sexual behavior or attitudes, religious beliefs, and other matters that are commonly considered private.

The information collected does not contain any questions of a sensitive nature such as sexual behavior, religious beliefs, or other matters commonly considered private.

12. Provide estimates of the hour burden of the collection of information.

In developing the estimates of hour burden, data from the Unified Analysis on the estimated number of applicants and recipients were used. The following table summarizes the estimated number of applicants and recipients for each type of funding program by fiscal year.

	Funding Program			Fiscal	Year		
		2005	2006	2007	2008	2009	2010
Applicants	Grants	390	595	618	798	989	1286
	Guaranteed Loans	2	24	236	300	500	650
	Totals	392	599	854	1098	1489	1936
Recipients	Grants	154	378	429	389	580	754
	Guaranteed Loans	2	17	135	170	225	300
	Totals	156	395	554	559	805	1054

The average number of grant applicants over the next three years (2008 – 2010) is 1,024. The average number of recipients for these same three years is 574.

The average number of loan applicants over the next three years (2008 – 2010) is 483. The average number of recipients for these same three years is 232.

The burden for collecting information under this regulation is based on estimated 39,460 totals annual responses and 131,798 estimated total man-hours. Please see the attached spreadsheets for a complete breakdown of the hour burden and cost of the required collection information. This estimate was based on information in existing reports, experience of RBS employees, the information from the Unified Analysis on the number of applicants and recipients, and feedback from stakeholders.

The cost to the respondents is estimated at \$50 per hour based on Agency observations of RBS borrower salary levels and at \$80 for outside consultants.

Total respondent burden, averaged over the next three years, is estimated as follows:

Number of respondents:	1,507
Total annual responses:	39,460
Number of hours per response:	5.3
Total hours:	209,138
Cost per hour:	\$57
Total annual cost:	\$11,920,866

13. Provide estimates of annualized cost to the respondents.

There are no capital/start-up operation and maintenance costs.

14. Provide estimates of annualized cost to the Federal Government.

The estimated wage of federal employees compiling the information is \$25 per hour. Administrative costs include the cost of promulgating the regulations, publication in the Federal Register, developing and printing the proposed forms, etc. The cost to the Government is broken down as follows:

<u>Action</u>	<u>Num. Of Disclosures</u>	<u>Hours</u>	<u>Rate</u>	<u>Total</u>
Acknowledge and Review Application	1,507	5	\$25	\$188,375
Evaluate and Score	1,507	16	\$25	\$602,800
Inform applicants of selection results	1,507	1	\$25	\$37,675
Legal Document preparation	806	8	\$25	\$161,200
Release and Advance of funds	806	4	\$25	\$100,750
Monitoring	806	16	\$25	\$322,400
Administrative	806	20	\$25	<u>\$403,000</u>
Total				\$1,816,200

15. Explain reasons for changes in burden, including the need for any increase.

The total number of respondents increased from 469 to 1,507. Due to the increase in the number of total responses under both Guaranteed Loans and Grants from 7,390 to 16,846, the total

burden hours have increased from 31,406 to 77,412. The increase is due to additional funding and public interest in the program. The President's Energy Initiative is driving the national interest.

After the closing date of the comment period, it was discovered that the burden hours/respondents had been miscalculated. The figures will be corrected in the 30-day notice.

Direct Loans are not funded at the present time and were not included.

16. For collection of information whose results are planned to be published for statistical use, outline plans for tabulation, statistical analysis, and publication.

The information collected will not be published for statistical use.

17. Approval not to display the expiration date for OMB approval.

It is not cost effective for the Agency to display the expiration date on forms due to the large number of field offices and the significant differences in the volume of forms used by these offices. The Agency would be forced to dispose of thousands of copies every 3 years when the paperwork burden approval date would change. This would waste thousands of dollars unnecessarily on printing, distribution, and employee wage costs.

18. Exceptions to certification statement.

There are no exceptions to the certification.

19. How is this information collection related of the Service Center Initiative (SCI)? Will the information collection be part of the one stop-shopping concept?

The SCI calls for changes to improve services to the United States Department of Agriculture (USDA) customers. One aspect is providing one stop service for greater customer convenience in accessing USDA programs. The applicant will be able to access the forms required except for the SF 424, which on the grants.gov Web site.