

SUPPORTING STATEMENT
(0572-0074)

RUS Form 675, Certification of Authority

This is a revision of a currently approved information collection package.

A. Justification

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

The Rural Utilities Service (RUS) is an agency delivering the U.S. Department of Agriculture Rural Development Utilities Programs, hereinafter referred to as Rural Development (RD), is a credit agency of the USDA. It makes mortgage loans and loan guarantees to finance electric, telecommunications, and water and waste facilities in rural areas. In addition to providing loans and loan guarantees, one of RD's main objectives is to safeguard loan security until the loan is repaid. Section 2 of the Rural Electrification Act of 1936, as amended (RE Act) (7 U.S.C. 901 et seq.) authorizes that "the Secretary is authorized and empowered to make loans for rural electrification and for the purpose of furnishing and improving electric and telephone service in rural areas..." Section 4 and 201 state that "Loans under this section shall not be made unless the Secretary finds and certifies that in his judgment the security therefore is reasonably adequate and such loan will be repaid within the time agreed. Accordingly, RD manages loan programs in accordance with the RE Act and as prescribed by Office of Management and Budget (OMB) Circular A-129, Policies for Federal Credit Programs and Non-Tax Receivables, which states that agencies must, based on a review of a loan application determine that an applicant complies with statutory, regulatory, and administrative eligibility requirements for loan assistance.

A major factor in managing loan programs is controlling the advancement of funds. One reason to control funds is so that the actual borrowers get their money. The use of Form 675 allows this control to be achieved by providing a list of authorized signatures against which signatures requesting funds are compared. The OMB, in Circulars A-123, Management Accountability and Control, and A-127, Financial Management Systems, requires assets to be safeguarded against waste, loss, unauthorized use, and misappropriation. The Form 675 provides an effective control against the unauthorized release of funds by providing a means whereby borrowers provide the Agency with the original signatures of the borrowers officials who are legally authorized to sign documents. OMB's guidelines for Management Accountability and Control states that information should be maintained on current basis and that cash should be protected from unauthorized use. Form 675 enables the Agency to comply with these requirements. Form 675 allows borrowers to keep RD up-to-date of any changes in signature authority

and assists RD in ensuring control over the release of funds only to authorized borrower representatives.

2. 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.

Borrowers are organized under State law and operate pursuant to the Uniform Commercial Code. Only an officer of the corporation or an agent authorized by the board of directors can request an advance of funds. Form 675 is used to ensure that only authorized representatives of the borrower sign the lending requisition form. The borrower fills in the borrower name and the name and title of authorized representatives. The authorized representatives then provide their signatures on the form. The form is submitted to RD. The form is resubmitted only when there is a change in signature authority. When a request for a loan advance is received by RD, the requisition signature is compared to the list of authorized signatures on the Form 675. If the signature is an authorized signature, loan funds are advanced.

3. 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.

RD is committed to meeting the requirements of the E-Government Act, which requires Government agencies in general to provide the public the option of submitting information or transacting business electronically to the maximum extent possible.

Currently, RUS Form 675 is available as a fillable pdf; however, RD continues to explore ways in which to offer an electronic solution for this collection.

4. 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.

There is no duplication of effort because the Form 675 information is specific to each borrower and requires original signatures of borrower authorized officials to be submitted in hard copy. The information is not available in any other format or from any other source.

5. If the collection of information impacts small businesses or other small entities (item 5 of OMB Form 83-1), describe any methods used to minimize burden.

The information collection is in a format designed to minimize the paperwork on small businesses and other small entities. The information collected is the minimum needed by RD to identify legally authorized borrower officials and their signatures.

6. Describe the consequences to Federal program or policy activities if the collection is not conducted or conducted less frequently, as well as any technical or legal obstacles to reducing burden.

Without a list of current, authorized signatures, RD would not know if the request for a loan advance was legitimate or not and so the potential for waste, loss, unauthorized use, and misappropriation would be increased. The form is submitted by new borrowers or only when there is a change in signature authority by an existing RD borrower; therefore, it could not be submitted less frequently. The result would be reduced accountability and control.

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

a. Requiring respondents to report information more than quarterly.

There is no requirement to respond more than quarterly.

b. Requiring written responses in less than 30 days.

There is no requirement for a response in less than 30 days.

c. Requiring more than an original and two copies.

There is no requirement for more than an original and two copies.

d. Requiring respondents to retain records for more than 3 years.

There is no such requirement.

e. That is not designed to produce valid and reliable results that can be generalized to the universe of study.

This collection does not involve a survey.

f. Requiring use of statistical sampling which has not been reviewed and approved by OMB.

This collection does not involve statistical sampling.

g. Requiring a pledge of confidentiality.

There is no requirement for a pledge of confidentiality.

h. Requiring submission of proprietary trade secrets.

There is no requirement for submission of proprietary trade secrets.

8. If applicable, identify the date and page number of publication in the Federal Register of the agency's notice soliciting comments on the information collection. Summarize public comments received and describe actions taken by the agency in response to these comments. Describe efforts to consult with persons outside the Agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, reporting format (if any), and on data elements to be recorded, disclosed, or reported.

As required by 5 CFR 1320.8(d), a Notice to request public comments was published on April 7, 2009, at 74 FR 15690. No comments were received. A copy of the Notice is attached.

The following individuals have been consulted to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, etc:

Rebecca Witt
Sr. VP of Corporate Services
Owen Electric Cooperative, Inc.
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Owenton, Kentucky 40359
(502) 424-3471

Lohn Weber
Treasurer
Cinergy MetroNet, Inc.
3701 Communications Way
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Don Pittman
CFO
Smithville Telephone Company, Inc.
P.O. Box 728
Ellettsville, IN 47429-0728
(812) 876-2477

In addition to the individuals listed above, the Agency periodically reviews its procedures to determine if any paperwork requirements can be eliminated without lessening the Government's security of the Agency's loans portfolio. Agency staffs, including General Field Representatives (GFRs), Field Accountants (FAs) and headquarters staff often discuss paperwork requirement issues with our borrowers, national trade organizations, and supplemental lenders at various meetings, conferences, etc. RUS GFRs and FAs have direct personal contact with borrowers in connection with their responsibilities in fulfillment of RD requirements, including filling out the Form 675.

Suggestions and comments are always considered by the Agency, and Rural Development remains committed to pursuing further reductions in both the burdens placed upon our borrowers/customers and the total volume of regulations imposed.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

Payments or gifts are not provided to respondents.

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

The information collection does not require confidentiality. Information submitted to RD by borrowers is covered by the provisions of the Freedom of Information Act (5 U.S.C. 552).

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.

There are no questions of a sensitive nature.

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

RD requires all active rural electric and telecommunication borrowers to complete the Form 675 every time there is a change in personnel authorized to sign for advancement of loan funds. There are about 1,350 electric and telecommunications borrowers. Public

reporting burden for this collection of information is estimated to average 6 minutes per response. The information collection consists of 250 responses and a total burden of 25.0 hours. This information is based on prior experience. The hour burden and cost to respondents is summarized as follows:

No. of Respondents	No. of Responses per Respondent	Total Responses	Hours Per Response	Total Annual Burden
250	1	250	.10	25.0

Cost to Respondents:

Professional 250 responses X .02 X \$44.00 = \$ 220.00
 Clerical 250 responses X .08 X \$18.00 = \$ 360.00
 Total \$ 580.00

Costs are attributed to a clerical position of the borrower's operation completing the form and an authorized manager signing the form.

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information.

(a) Total capital and start-up cost component (annualized over its expected useful life); and

There are no capital and/or start-up costs components associated with this collection.

(b) Total operation and maintenance and purchase of services component.

There are no operation and maintenance and/or purchase of services component associated with this collection.

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

The cost to the Federal government is estimated as \$547.40 based on the following:

Clerical 250 responses X .08 minutes X \$27.37/hr = \$547.40

A clerical position (GS 9, step 5) will process the form when it is received by RUS.

15. Explain the reasons for any program changes or adjustments reported in items 13 or 14 of the OMB Form 83-1.

This is a revision of a currently approved information collection. The adjustment is due to the decrease in the number of burden hours as a result of fewer active borrowers. The cost burden (dollars) has increased due to increased per hour wage estimates.

16. For collection of information whose results will be published, outline plans for tabulation and publication.

There are no plans for publication.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

RD requests approval to not display the expiration date on the Form 675. Many borrowers have developed their own automated versions or maintain a paper supply on hand. Each time the expiration date changes, their version/copies are then out of date. In addition, as we move to electronic solutions, each time an expiration date needs an update; costs would be incurred to update electronic versions.

18. Explain each exception to the certification statement identified in item 19 on OMB 83-1.

There are no exceptions.

B. Collection of Information Employing Statistical Methods.

This information collection does not employ statistical methods.