

**United States Department of Agriculture
Farm Service Agency
Supporting Statement
OMB Control Number 0560-0234
7 CFR 767, Inventory Property Management**

This document supports the information collection requirements of 7 CFR 767 as outlined in FSA Handbook 5-FLP. FSA is requesting OMB approval on an extension of a currently approved information collection.

Justification

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

FLP provides supervised credit in the form of loans to family farmers to purchase real estate and equipment and finance agricultural production. The regulation covered by this information collection package describes the policies and procedures the agency uses to:

- Manage and dispose of its inventory property in accordance with the provisions of the Consolidated Farm and Rural Development Act (Act) (Pub. L. 87-128) as amended
- Manage and dispose of property taken into custody after abandonment by the borrower.

Authority to establish the regulatory requirements contained in 7 CFR 767 is provided under section 302 of the Act (7 U.S.C. 1922) which provides that “the Secretary is authorized to make and insure loans under this title to farmers ...” Section 339 of the Act (7 U.S.C. 1989) further provides that “the Secretary is authorized to make such rules and regulations, prescribe the terms and conditions for making... loans, security instruments and agreements, except as otherwise specified herein, and to make such delegations of authority as he deems necessary to carry out this title.” The Secretary delegated authority to administer the provisions of the Act applicable to FLP to the Under Secretary for Farm and Foreign Agricultural Services (FFAS) in section 2.16 of 7 CFR part 2. FFAS further delegated this authority to the FSA Administrator in section 2.42 of 7 CFR part 2.

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.

Information collections are submitted by applicants to the local agency office serving the county in which their business is headquartered. The information is necessary to thoroughly evaluate an applicant’s request to purchase inventory property and is used by the agency to determine an applicant’s eligibility to lease or purchase inventory property and to ensure payment of the lease or purchase amount.

The Agency may take title to real estate as part of dealing with a problem loan either by Agency or third-party foreclosure, or by accepting a deed of conveyance in lieu of foreclosure.

The information collection requirements established in 7 CFR 767 are described below and on the attached FSA 85-1, Reporting and Recordkeeping Requirements.

Forms

FSA-2592 – Invitation, bid and acceptance – sale of real property by the United States

7 CFR 767.151 (c)

Inventory property not sold to a beginning farmer is offered for sale to the general public by auction or sealed bid. Bidders complete FSA-2592. In addition, all bidders are required to submit a 10 percent deposit with their bid. It is estimated that 50 bids will be submitted to the agency every year and will take each bidder 30 minutes to provide the information needed.

FSA-2593 – Standard sales contract – sale of real property by the United States

7 CFR 767.151 (a)

When inventory real estate property is sold, the purchaser selected is required to read and sign FSA-2593. The agency completes FSA-2593 in its entirety. It is estimated that 150 contracts to purchase inventory property will be executed each year and will take 60 minutes for each purchaser to read and sign it.

Non – Forms

7 CFR 767.52 (b) – Reclaiming personal property – borrower/owner and lienholder

When the agency has acquired title to real estate property and there is abandoned personal property, the agency will notify the owner that the property may be reclaimed. To reclaim abandoned personal property, the owner must pay all expenses incurred by the agency at any time before the property's sale or disposal. It is estimated that 10 owners will reclaim abandoned personal property per year and will spend 15 minutes each providing the information needed to verify ownership of the personal property.

In addition, the agency will notify the lienholder of record that the agency will dispose of abandoned personal property. The lienholder may reclaim the personal property at any time before the property's sale or disposal. It is estimated that 10 lienholders will reclaim abandoned personal property per year and will spend 15 minutes each providing the information needed to verify they are the lienholder.

7 CFR 767.151 (e) – Negotiated sale of inventory property

If no acceptable bid is received from a sealed bid or auction, the agency will sell the inventory real property at the maximum price obtainable without further public notice by negotiating with interested parties, including all previous bidders. It is estimated that the agency will negotiate with 50 interested parties per year and each party will spend 30 minutes to prepare information

for the negotiation.

7 CFR 767.153(e) – Termination of sales contract by the applicant

A successful applicant to purchase inventory property may request to terminate the sales contract before the transaction is consummated. The agency estimates that less than 10 applicants request to terminate the sales contract and each request is estimated to take 15 minutes to complete.

7 CFR 767.155(a)(1) – Sale of chattel property

If the agency acquires chattel property in its inventory, it will use either an established public auction house to sell it or use the sealed bid method. If the sealed bid method is used, potential purchasers will be required to submit a bid for the chattel property. The agency rarely acquires chattel property as it requires its borrowers to exhaust all avenues for selling it. Therefore, it is estimated that less than 10 interested parties will submit a bid to acquire chattel property and it will take 15 minutes per response.

Travel time

The agency estimates that applicants and borrowers required to provide information under this information collection docket will travel once to the agency office to complete the appropriate documentation. Therefore, the agency estimates that this information collection docket imposes on the respondents 220 hours of travel time.

Collections contained in 7 CFR 767 that are approved under OMB Control Numbers for other CFR parts/OMB Control Numbers

The following table summarizes the information collections included in 7 CFR 767, for which approval has been obtained or requested under the OMB Control Number for another CFR part that requires the same collection of information for a difference purpose.

CFR citation	Description	Approved under
767.101	Lease of real property	0560-0233

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. Also describe any consideration of using information technology to reduce burden.

Information collections obtained using agency forms may be submitted electronically provided the borrower has obtained and activated a USDA account with Level 2 access that allows for electronic submissions. All forms that the borrower has to complete in their entirety, or review and execute, are posted on the e-Gov website at <http://www.sc.egov.usda.gov>. For forms the

borrower is required to complete in their entirety, the fillable version of the form, as well as detailed instructions on completing the form, are included on the e-Gov website. Forms prepared by the agency, that the public simply reviews and signs, are also provided on the e-Gov website. However, in lieu of detailed instructions for completing those forms, the instructions simply state that the forms are provided on the website for information purposes only.

Non-form information collections require providing copies of documents in the borrower's possession or providing written replies to agency requests or offers. Non-form collections, as well as all agency forms, may be submitted in person at the local agency office, by mail, or by facsimile. Further, borrowers with established Level 2 accounts may provide non-form information collections as any kind of non-executable attachments, such as PDF, doc, xls, or text formats.

Even though forms are available on the e-Gov forms website, public input on this information collection package indicated that very few borrowers utilize this option. Most respondents stated that they obtain and return forms and non-forms to the agency office as they feel a person-to-person meeting is beneficial, especially when dealing with property management issues. The information required from borrowers is mainly financial in nature, and farmers are not comfortable with providing it through electronic means, notwithstanding the adequacy of agency security safeguards in place. Most of the agency's borrowers reside in rural areas, which often do not have access to high speed internet connection. Moreover, borrowers often seek additional clarification and explanation of the requirements, as well as explanation of the consequences of not complying with the requirements, from agency officials.

The agency is continually looking for ways to improve data collections options for applicants and borrowers who respond to, and provide information for, Agency-initiated actions.

The agency is currently exploring options available for applicants and borrowers to respond to, and provide information to, agency-initiated actions. This option will allow the agency to pre-fill forms with information already in its possession, as there are several instances in the loan servicing process where the agency completes part of the information collection instrument and provides it to the borrower, and lender if applicable, to review and execute. In turn, when this option becomes available, the agency may initiate interactions and transactions that only require the borrower's review and approval or disapproval, as in those situations the borrower may not need to visit the agency office to complete the transaction.

Though USDA and the agency have publicized and provided information in outreach materials, during stakeholder meetings, as well as agriculture-related meetings and symposiums, on the option to provide information electronically, applicants and borrowers still prefer going to the agency office to obtain forms and information on how to apply for loans and servicing than obtaining forms and information from the internet. Therefore, the agency estimates that less than one percent of responses will be provided through the internet.

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.

The burden established in this regulation is required under the provisions of the Act which mandates specific actions be taken when servicing loans to direct FLP borrowers. Agency personnel with expertise in servicing loans, continually review the information collections required under this CFR part to eliminate any duplicative or unnecessary collections of information. The information contained in this collection is made part of the case file and, when reasonably current, may be used in lieu of re-submission by the borrower. However, financial information that is collected at another time may be dated and not useful for the specific action being considered. Various program areas within FSA-share data; however, information collections established in this regulation would typically not be available from another agency. Therefore, the potential to share data is limited.

Ninety-five percent of 280 of total respondents are considered small businesses.

5. Methods to minimize burden on small business or other small entities (Item 5 of OMB Form 83-I), describe any methods to minimize burden.

The agency has made every effort to minimize burden on small businesses and small entities. The agency only requires collection of information when necessary to act on an applicant or borrower's request for assistance. The information required by this regulation is financial in nature and similar to that required to complete Federal tax returns or make business decisions. Thus, it places no additional burden on small businesses above that required in the normal course of business.

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.

The collection of information is necessary for the agency to implement its authorizing legislation. Failure to collect the information would result in the agency not complying with congressional mandates.

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 are no information collection requirements that require reporting on more than a quarterly basis.
- b. Requiring written responses in less than 30 days. There are no information collection requirements that require written responses in less than 30 days.
- c. Requiring more than an original and two copies. There are no information collection requirements that require more than an original document or a single copy of a document.
- d. Requiring respondents to retain records for more than 3 years. There are no such requirements.
- e. Not utilizing statistical sampling. There are no such requirements.
- f. Requiring use of statistical sampling which has not been reviewed and approved

by OMB. There are no such requirements.

g. Requiring a pledge of confidentiality. There are no such requirements.

h. Requiring submission of proprietary trade secrets. There are no such requirements.

8. Describe efforts to consult with persons outside the Agency to obtain their view on the availability of data, frequency of collection, the clarity of instructions and record keeping, disclosure, or reporting format (if any), and on data elements to be recorded, disclosed, or reported.

On May 3, 2010 (75 FR 23218-23219), the agency published a notice regarding its intention of requesting OMB extension of the existing collections and inviting comments. There were no comments received on the notice.

On a frequent basis, the agency consults with applicants, borrowers, representatives of private lending institutions, representatives of the Farm Credit Administration, as well as agency and other USDA employees as part of ongoing program administration, national oversight and national risk assessment reviews.

The agency regularly communicates with its employees and the public regarding our collection requirements and have not been made aware of any collection instrument burden issues.

The agency contacted applicants and borrowers. Field office employees assisted the agency in identifying applicants and borrowers and assisted in reviewing the information collection instruments and the applicable instructions. All persons contacted reviewed draft information collection instruments and the instructions for their completion, and provided answers to the same survey questions. Individuals contacted in conjunction with the initial submission for approval of this collection are as follows:

Nelson Gentry

Farmer

8006 Robert E. Lee Dr.

Spotsylvania, VA

540 582-5567

(Kimberly DePaquale, Farm Loan Manager, Fredericksburg, VA, assisted in gathering input)

James Benson

Farmer

616 LCR 437

Mexia, TX

254-472-0390

Richard C. Beasley

Farmer

6139 Massaponax Church Road

Frederickburg, VA

540 582-8055

(Kimberly DePaquale, Farm Loan Manager, Fredericksburg, VA, assisted in gathering input)

Commercial lenders were not contacted for this information collection as the agency's processes for disposing inventory property are statutorily mandated and do not match commercial lenders' requirements.

The applicants and borrowers the agency contacted stated that the information the agency requests is not excessive or intrusive. Information collection is regularly reviewed by agency personnel, borrowers, and applicants for accuracy of estimated burden required, whether the information collected is excessive or intrusive. No information collection has been identified as requiring a change or correction based on a failure in any of these areas.

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

There is no payment or gift to respondents.

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

Agency forms that serve as collection instruments contain a Privacy Act statement identifying circumstances under which the information collected may be released. This statement is based on the Privacy Act, the Freedom of Information Act and the FSA System of Records that has been published in the Federal Register. Agency policies, as well as a copy of the System of Records, are published in FSA handbooks 2-INFO and 3-INFO.

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

The information collected is of a financial nature. As a condition for the receipt of program benefits, respondents must provide total disclosure of income data and a history of their business dealings that is often considered sensitive. Regardless, the information is required to properly document the agency's decision pertaining to inventory property disposal actions.

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

The estimate of hour burden of the information collections is as follows:

Total Number of Unduplicated Respondents:.....	280
Reports Filed Per Person.....	1.04
Total Annual Responses:.....	290

Total Annual Burden Hours:.....432

Average Burden Per Collection:..... 1 hour 30 minutes

The estimate of annual cost for the information collections is as follows:

Respondent's Cost Per Hour - Purchasers.....\$23.62
- Lienholders.....\$30.55

Total Annual Respondent Cost - Purchasers.....\$10,204
- Lienholders..... \$13,978
- Total.....\$23,402

Respondent cost per hour for purchases is based on most purchasers being farmers and was derived by using U.S. Bureau of Labor Statistics Occupational Employment and Wages, May 2008, Table 11-9012-Farmers and Ranchers. The U.S. mean household income, as measured by the Bureau of Labor is \$49,140 annually or \$23.62 hourly.

Respondent cost per hour for lienholders most closely represents those for businesses and was derived by using U.S. Bureau of Labor Statistics Occupational Employment and Wages, May 2008, Table 13-2072-Loan Officers. The U.S. mean for loan officers income, as measured by the Bureau of Labor is \$63,540 annually or \$30.55 hourly.

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

The regulation and associated information collection places no burden cost on respondents for capital, start-up, total operation, maintenance, or the purchase of services.

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

Agency employees review information provided by applicants, borrowers, and third parties and make feasibility determinations. The agency estimates that its employees spend 5,880 hours reviewing and processing the collections included in this docket.

Averaging the GS-9 through GS-12 (2010 RUS-Salary Table) salaries indicates an average employee salary of \$56,480 per year. Standard adjustments recommended by FSA's Budget Division of 33.3% are added for benefits and miscellaneous expenses (\$18,808), for a total average cost for a Farm Loan Program employee salary of \$75,288 per year, which divided by 2080 hours equals an hourly salary of \$36.19.

Therefore, the estimated annual cost to the Federal Government is $5,880 \times \$36.19 = \$212,798$.

Note: The agency utilized the most recent County Office Workload Report to estimate the costs to the Federal Government.

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

There are no changes to the information collection since the last OMB approval.

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

The information collections required under this regulation will not be tabulated or published.

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

While FSA forms will be made available electronically at www.sc.egov.usda.gov/, hard copies of each form are also maintained in State and County Offices. Displaying the expiration date results in the need to dispose of existing supplies and reprinting of the form with the new expiration date each time the approval is renewed. This increases printing costs for the Agency and results in the need to revise forms posted to the website.

18. Explain each exception statement to the certification statement identified in items 19 and 20 on OMB 83-I.

There are no exceptions requested.

19. Explain how this information collection relates the Secretary of Agriculture's Service Center Implementation Team initiative.

Agency employees collect the required information from the applicant or borrower. Information collected is program specific and would not be part of one-stop shopping, except for basic information dissemination between Service Center agencies. Employees utilize information already available at the Service Center and work directly with other FSA programs and USDA agencies to minimize the amount of information collected from applicants and borrowers. Information collected is stored at the Service Center.