

**United States Department of Agriculture
Farm Service Agency
Supporting Statement
OMB Control Number 0560-New
Conservation Loan Program
Guaranteed Loan Making and Servicing**

FSA is requesting an emergency approval to obtain OMB clearance for a new information collection on Conservation Loan Program (CL). This information collection will be incorporated into the existing approved information collection package of 0560-0155. FSA will incorporate the CL requirements in some of the existing forms from 0560-0155.

This document supports the information collection requirements of the interim rule to be published as part of the Farm Service Agency's (FSA) effort to implement provisions under the Food, Conservation and Energy Act of 2008 (Farm Bill). Section 5002 of the 2008 Farm Bill (Public Law 110-246) authorizes the Secretary to make or guarantee qualified conservation loans to eligible farmers.

This interim rule is part of an effort by the Agency to comply with the 2008 Farm Bill. The Agency will incorporate new provisions of the Conservation Loan (CL) Program that include:

- CL loans will be made available to qualified farmers who intend to implement qualified conservation plans and other conservation projects.
- Eligibility applicants may obtain guarantee conservation loan under the new provisions and be extended to persons who are beginning famers and socially disadvantage farmers.
- Amend current program requirements under 7 CFR Parts 762.
- Incorporate the new instructions into internal handbooks used by State and County Offices in administering agency conservation loan programs.
- Further, as required by Departmental guidance and the Freedom to E-File Act, agency handbooks and forms must be made available in electronic format.

This interim rule will require persons to complete various forms and documents. These include: Application, Balance sheet, certifications, approved NRCS conservation plans and lender reporting requirements. In addition, the collected information is needed to ensure the financial accountability needed to operate and administer the Conservation Loan Program.

Consequently, FSA personnel and guaranteed lenders will underwrite these loans and be processed using existing FSA forms and regulations. The current guaranteed loan procedures are published in 7 CFR Part 762.

FSA will incorporate the new provisions into existing regulations after final publication of the interim rule.

FSA conservation loans will be funded using Natural Resources and Conservation Service (NRCS) allocations. Guarantee Farm Ownership (FO) loan allocation and funds will be available for each state. Because FO funding is often very limited, and applications will be funded through NRCS appropriations, the agency believes the Conservation Loan Program will allow more farmers to receive loans to promote conservation and enhance conservation practices approved by NRCS.

This analysis includes collection instruments, and provides the information collection requirements contained in the interim rule utilizing current program data and adjusted accordingly to accurately assess the burden it imposes on applicants, borrowers, commercial lenders, as well as agency employees.

The information collection instruments included in this submission are in the interim stage because:

- FSA is seeking emergency approval of a new information collection packaged by August 1, 2010.
- The Agency needs to obtain OMB's approval of the information collection and be assigned a new control number.

Justification

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

FLP Guaranteed Loans, authorized under the Consolidated Farm and Rural Development Act (CONACT), as amended, authorized the Secretary of Agriculture to make and service loans guaranteed by FSA to eligible farmers and ranchers. The statutory authority for the guaranteed loan program is set out in the Code of Federal Regulations (CFR), Title 7, Chapter VII, Part 762. The loans made and serviced under 7 CFR 762 include farm operating and farm ownership loans. The collection of information requested is necessary to assure that the program is being carried out in accordance with the applicable laws, authorities, and policy objectives.

The reporting and recordkeeping requirements imposed on the public by regulations set out in 7 CFR Part 762 are necessary to administer the FLP guaranteed conservation loan program in accordance with the statutory requirements listed above and are consistent with commonly performed lending practices. Periodic collection of information after loans are made is necessary to protect the Government's financial interest.

Authority to establish the regulatory requirements contained in 7 CFR 762 is provided under 5 U.S.C. 301, which provides that "The Head of an Executive department or military department may prescribe regulations for the government of his department ... the distribution and performance of its business..." Furthermore, section 339 of the Act (7 U.S.C. 1989) 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 new collection, indicate the actual use the Agency has made of the information received from the current collection.

FSA will adopt similar application requirements as guaranteed loans. However, some of the eligibility requirements for conservation loans will be waived under with this interim rule. With this interim rule, the following exceptions will apply for those applicants who request conservations loans of \$125,000 or less: no test for credit, cash flow, historical performance, farm operating plan, year-end analysis, graduation to other credit, or meet the definition of family size farmer.

FSA uses Agency forms and written evidence to collect needed information. The information collected is used to determine lender and loan applicant eligibility for farm loan guarantees, and to ensure the lender protects the government’s financial interests. The information is stored in the FSA County Office loan files or State Office Lender files. FSA requires original lender signatures on the documents submitted. Original signatures from loan applicants are required on the applications for loan guarantees. The regulations require submission of information essential to protect the Government’s interest.

The information collection requirements established in 7 CFR 762 are described below and on the attached form FSA-85-1, Reporting and Recordkeeping Requirements.

Travel Time

The Agency estimates that approximately 10% of the applicants/borrowers required to provide information under this information collection docket for loan making purposes will travel to the agency office. Most requests will come from lenders or financial institutions. Therefore the Agency estimates the travel time to be one hour per response. Estimated 500 loans approved per year x 10% = 50 applicants/borrowers x 1 hour = 50 Hours for loan making.

Note: There is no travel time imposed on: (1) lenders or financial institutions providing information on behalf of the applicant or borrower; (2) purchasers of agricultural products; (3) closing agents or title companies; or (4) borrower training vendors.

Forms:

Form FSA-2211 “Application for Guarantee” Revised
7 CFR 762.110(a), 762.110(b), 762.142(b)(iv)(A), 762.150(a)(i)

This form is used by lenders to apply to the FSA Guaranteed Loan program. Standard Eligible Lenders (SEL) and Certified Loan Program (CLP) lenders must perform at least the same level of evaluation and documentation for guaranteed loans as for non-guaranteed loan of a similar type for loans \$125,000 more/less. This request describes the characteristics of the borrower, the purpose for which loan funds will be used, the proposed security for the loan, and the proposed terms and conditions of the loan request. Many items are customary business practice for any loan transaction between a farm business and a lender, for example, a balance sheet, cash flow, financial and production history, and verification of debt and income. Other items are additional requirements for the Agency to determine program eligibility or to comply with laws and executive orders. Application packages will vary depending on the size of the loan, the status of the lender, and the material already available to FSA. The Agency estimates 500 applications total for the CL program will be received and approved each year. Of these, the agency estimates 330 existing SEL and CLP lenders will participate. The time to furnish this information is 3.50 hours per response for lenders and 0.50 hours per response for each loan applicant. The form is currently approved under OMB-Control Number 0560-0155.

Form FSA-2212 “Preferred Lender Application for Guarantee” Revised

7 CFR 762.110(6)(c)

This form is used by Preferred Lenders (PLP) to apply for a guarantee on proposed loan(s). Since PLP lenders are those with the industry’s best practices and record, FSA only requires an application form and loan narrative to be completed. The remainder of the documentation consists of the lender’s own practices. The agency estimates 500 applications total for the CL program will be received each year. Of these, the agency estimates 170 existing PLP lenders will participate. The estimated time to furnish this information is 1 hour per response for each lender and 0.25 hours per response for each applicant. With PLP lenders, no additional burden is required of loan applicants other than that required in the normal course of business when applying for a farm loan. The form is currently approved under OMB-Control Number 0560-0155.

Form FSA-2232 “Conditional Commitment” Revised

7 CFR 762.130(4)(c)(2)

This form is used by the lender to certify that the requirements listed on this form have been or will be met. All loans guaranteed require the lender to review and accept the conditions set forth in the Conditional Commitment; therefore, we estimate lenders will review 500 conditional commitment’s annually. The estimated time to review and execute this document is 0.25 hours per response.

This form is being revised to include reference to Conservation Loans. The form is currently approved under OMB-Control Number 0560-0155.

Form FSA-2233 Lender Certification

7 CFR 762.130

This form is used to document certain conditions and requirements that have been or will be met in closing a farm loan and execution of loan documents required to obtain an FSA Loan Guarantee. The lender is certifying that no major changes have been made in the lender's loan or line of credit conditions since submission of the application. All loans guaranteed require the lender to complete a Lender Certification form; therefore, we estimate lenders will complete 500 certifications annually. The estimated time to review and execute this document is 0.25 hours per response. The form is currently approved under OMB-Control Number 0560-0155.

Non Forms

Insurance and Farm Inspection Requirements

7 CFR 762.123

Lenders must require borrowers to maintain adequate property, public liability, and crop insurance to protect the lender and the Government's interests. Loan applicants must obtain flood insurance if buildings are or will be located in a special flood hazard area. Other insurance, including crop insurance, must be obtained as required by the lender or the Agency based on the strengths and weaknesses of the loan. If a lender was making a loan without a guarantee, they would as a general risk management practice, require insurance. Thus, requiring an applicant to obtain insurance is a standard industry practice and no burden is included.

Before submitting an application, lenders must make an inspection of the farm to assess the suitability of the farm and to determine any development that is needed to make it a suitable farm. The Agency estimates 500 lenders must make an inspection on approximately 500 loan applications and require 1.25 hours for each inspection. Approved under OMB-Control Number 0560-0155

Additional Information Needed to Evaluate Loan Application

7 CFR 762.110

In some instances, the agency may require any additional information needed from any lender or review the lenders file to make eligibility and approval decisions. It is impossible to list all potential information that would be needed from each and every applicant. In most cases, this will be limited to providing the agency with a copy of documents, such as an environmental review, wetland determinations and large confinement livestock facilities. It is estimated that 5% of the estimated 500 applications received annually or 25 applicants will spend 15 minutes each providing copies of the appropriate documentation to the agency. Approved under OMB-Control Number 0560-0155

Loan Servicing

Form FSA-2236 "Guaranteed Loan Closing Report" Revised

7 CFR 762.130(4)

This form is used to prepare many types of actions on the guarantee. This form must accompany all guarantee fee payments. The lender delivers this form and applicable fee to the Agency

representative. We estimate approximately 500 lenders will close 500 loans annually and the estimated time to furnish this information is 1 hour per response. This form is being revised to include reference to Conservation Loans. The revisions will have no impact on the estimated response time or the burden currently approved under OMB-Control Number 0560-0155.

Form FSA-2241 “Guaranteed Loan Status Report” Revised

7 CFR 762.141(b)

This form is used by FSA Guaranteed Lenders. It is used to update the status of each borrower’s loans and to keep data for all guaranteed loans up to date in FSA accounting records. All lenders will submit the appropriate guaranteed loan status reports as of March 31 and September 30 of each year.

We estimate approximately 500 loans will be made annually and the lender will submit the report twice a year for a total submission of 1000 reports. The estimated time to furnish the information is .33 hours per response for a total of 330 hours. This form is being revised to include reference to Conservation Loans. The revisions will have no impact on the estimated response time or the burden currently approved under OMB-Control Number 0560-0155.

Form FSA-2242 “Assignment of Guarantee” Revised

7 CFR 762.160(2)

This form is used to assign an existing FSA guarantee to a holder. Once the lender accepts a specific buyer’s offer, the lender notifies FSA that the loan is being assigned. The Agency has estimated that approximately 500 Conservation Loans will be made annually this is approximately 5% of the total guaranteed loan portfolio made annually. Therefore, it is estimated that approximately 84 loans will be sold to secondary market investors.

The Agency estimates the time to furnish this information is 0.50 hours per response for lenders and .50 hours for holders. This form is being revised to include reference to Conservation Loans. The revisions will have no impact on the estimated response time or the burden currently approved under OMB-Control Number 0560-0155.

Form FSA-2248 “Guaranteed Farm Loan Default Status”

7 CFR 762.141(a)

This form is used to inform FSA of the status of borrowers in default. This form is completed when the guaranteed loan becomes 30 days past due and resubmitted every 60 days until the default is cured either through restructuring or liquidation. The overall guaranteed loan delinquency rate is 1.70 percent. Therefore, it is estimated that 9 Conservation loans will become delinquent requiring a total of 54 forms to be submitted each year. Each form requires approximately 0.33 hours completing and submitting and is approved under OMB-Control Number 0560-0155.

Form FSA-2252 “Farm Loan Programs Guaranteed Writedown Worksheet”

7 CFR 762.145(4)(e)

Lenders use this form to document the decision to write down the guaranteed loan(s) and pay the required loss claim(s). The Agency estimates that this form will be submitted 3 times a year by 3 lenders and the time required completing the form and submitting it is estimated to average 2 hours and is approved under OMB-Control Number 0560-0155.

Form FSA-2253 “Shared Appreciation Agreement”

7 CFR 762.147

This form is used to define the agreement between the lender and borrower upon the write down of debt for future recapture of a percentage of the real estate value appreciation. This agreement requires the lender to collect from the borrower a percentage of the value increase in the property if the 5-year period of the agreement expires or another specified action occurs prior to the expiration. The Agency estimates that 2 write downs involving real estate will occur annually. It is estimated that the form will require 1 hour for a lender to complete and submit.

The Agency estimates the time to furnish this information is 0.50 hours per response for lenders and .50 hours for borrowers.

Form FSA-2254 “Guaranteed Loan Report of Loss” Revised

7 CFR 762.144 (c)

This form is used to obtain information from the lender about a loss on a FSA Guaranteed loan. A separate form for each loan incurring a loss is used. The Agency estimates 5 reports will be submitted annually. It is estimates the form FSA-2254 will require 2 hours for the lender to complete and submit. This form is being revised to include reference to Conservation Loans. The revisions will have no impact on the estimated response time or the burden currently approved under OMB-Control Number 0560-0155.

Form FSA-2261 “Report on Collection Activities on Liquidated Accounts”

7 CFR 762.141(f)

This form is used to update FSA of collection activities made by the Lender on liquidated accounts. The number of annual reports on collection activities estimated to be submitted is 5. The time burden required to complete the form is estimated to be 0.16 hours and is approved under OMB-Control Number 0560-0155.

Non-form collections

Substitution of Lenders – New &Original Lenders

7 CFR 762.105(c)(2), 762.105(c)(3)

The original lender will assign their promissory note, lien instruments, loan agreements, and other documents to a new lender. The Agency estimates an average of 2 lender substitutions annually. The time the original lender spends submitting this information is estimated at 0.50 hours in each case.

Replacement of Loan Guarantee or Assignment Guarantee Agreement

7 CFR 762.130(f)

If the guarantee or assignment guarantee agreements are lost, stolen, destroyed, mutilated, or defaced, the Agency will issue a replacement to the lender or holder. The Agency estimates that 8 will be reissued annually. The time required to make the request to the Agency is estimated to take 0.50 hours per response.

Reporting Requirements – CLP Lenders

7 CFR 762.141(c)

CLP lenders must provide a written summary of the lender's annual analysis of the borrower's operation. This annual analysis may be waived or postponed if the borrower is financially strong. The Agency estimates the 40 CLP lenders will spend 1 hour providing this written documentation.

Reporting Requirements – SEL Lenders

7 CFR 762.141(d)

SEL lenders must also provide a written summary of the lender's annual analysis of the borrower's operation. SEL must also provide the borrower's balance sheet and income and expense statement for the previous year, in addition to an annual farm visit report or collateral inspection. The Agency estimates that 435 SEL lenders require 2 hours to submit this documentation.

Inspections

7 CFR 762.130(xi)(2)

The lender must notify the Agency of any scheduled inspections during construction and after the guarantee has been issued. Approximately 20 percent of Farm Ownership (FO) loans are for capital improvements. The Agency estimates 100 loans will involve capital improvements, and require 0.25 hours for each notification.

Reporting Requirements – PLP Lenders

7 CFR 762.141(3)(e)

PLP lenders will submit additional reports as required in the lender's agreement. A majority of PLP lenders are not required to provide the Agency with any analysis information. The Agency estimates that each of the 25 PLP lenders will submit additional information according to their lender's agreement. The Agency estimates 1 hour to provide this information.

Partial Releases

7 CFR 762.142(b)(2)

This section allows lenders to release a portion of guaranteed loan security without consideration when certain conditions are met. Based on discussions with lenders and State Specialists, the

burden estimate for this provision is 15 requests for concurrence with each request requiring 6 hours to compile and submit the information.

Subordinations

7 CFR 762.142(c)

The Agency may subordinate its security interest on a direct loan when a guaranteed loan is being made if the requirements of the regulations government Agency direct loan subordinations are met. The Agency estimates that approximately 4 lenders will submit an average of 4 subordination requests annually for a total of 16 requests. The time required to complete and submit the required documentation is estimated to be 6 hours.

Transfer and Assumption

7 CFR 762.142(d)(9)

Transfers and assumptions servicing action must be approved by the Agency in writing for SEL and CLP lenders. The Agency estimates that each year 4 loans will be assumed by another party. The estimated time it will take to notify the holder in writing of the assumption is estimated to be 0.33 hours.

Repurchase by the Lender

7 CFR 762.144(b)(1)

When a lender is requested to repurchase a loan from the holder, the lender must consider the request according to the servicing actions that are necessary on the loan. It is estimated that 1 lender will make 1 request annually, and it will take 1.0 hour per response to make the demand on the lender and provide evidence of ownership.

Repurchase by the Agency – Holders and Lenders

7 CFR 762.144(c)(1)

If the lender does not repurchase the loan, the holder must inform the Agency in writing that demand was made on the lender and the lender refused. FSA estimates it will purchase an average of 1 loan per year for the holder, and 1 loan per year for the lender, under this section. The Agency estimates that each request will require approximately 1.0 hour s for the holders and 1.0 hour for the lenders to provide evidence of ownership and to provide loan balance information.

Repurchase for Servicing

7 CFR 762.144(d)

If, due to loan default or imminent loan restructuring, the lender determines that repurchase is necessary to adequately service the loan, the lender may repurchase the guaranteed portion of the loan from the holder, with the written approval of the Agency. The Agency estimates 1 lender will make 1 request annually. The time required for the lender to request SED concurrence with the repurchase is estimated to average 1.0 hour per response.

Restructuring Guaranteed Loans – SEL, CLP, & PLP Lenders

7 CFR 762.145(a)(3)(iii); 762.145(b)(e); 762.145(a)(4)

To restructure guaranteed loans, SEL and CLP lenders must obtain prior written approval of the Agency for all restructuring actions. All lenders will submit copies of any restructured notes or lines of credit to the Agency and must certify the borrower is in compliance with the conservation plan. Assuming that future restructuring actions are consistent with previous years, the Agency estimates that 2 SEL lenders will make 1 request each annually. The burden to compile and provide the information, which is a normal business practice, is projected at 3 hours per request. Approximately 2 CLP lenders will make 1 request annually and the Agency estimates 2 hours per request. PLP lenders will restructure loans in accordance with their lender's agreement. The Agency estimates 1 PLP lender will submit copies of restructured notes. The Agency estimates that PLP lenders will take 1.0 hour to submit this information and will average 1 request per year.

Debt Writedown

7 CFR 762.145(e)

The lender may only write down a delinquent guaranteed loan in an amount sufficient to permit the borrower to develop a feasible plan. The Agency estimates 3 cases are received annually, which will require an average of 10 hours per case.

Additional Loans and Advances – SEL and CLP Lenders

7 CFR 762.146(a)(2) Other Servicing Procedures

SEL and CLP lenders must not make additional loans or advances without prior written approval of the Agency, except as provided in the borrower's loan or line of credit agreement. The burden to provide is estimated at 2 hours. This type of analysis is a standard business practice for SEL and CLP lenders. The Agency estimates that there will be an average of 66 requests annually for additional loans or advances.

Release of Liability after Liquidation

7 CFR 762.146(c)

After a final loss claim has been paid on the borrower's account, the lender may release the borrower or guarantor from liability if certain requirements are met. The Agency processes approximately 5 loss claims annually and the estimated time is 5 hours per request.

Interest Rate Changes

7 CFR 762.146(d)

The lender may change the interest rate on a performing (non-delinquent) loan with the borrower's consent. To do so, the lender must repurchase the loan or obtain the holder's written consent, obtain a legally effective allonge or amendment to the existing note, and inform the

Agency of the rate change. The Agency estimates receiving 6 requests annually, and will require about 1 hour for the lender to comply.

Servicing Shared Appreciation Agreements

7 CFR 762.147

This section governs collection of Shared Appreciation Agreements (SAA) required for consideration to receive a guaranteed loan writedown. The Agency estimates that 2 SAA's will be triggered annually. The time required to monitor agreements and to provide FSA with the Recapture Reimbursement is 4 hours per response.

Mediation

7 CFR 762.149(a)

This section requires lenders to participate in borrower and creditor mediation when the loan is made in a State with a law that mandates mediation. The Agency estimates that lenders will attend 5 mediation meetings per year as a result of this requirement. The time required to prepare for and attend each meeting is estimated to be 4 hours.

Liquidation Plan

7 CFR 762.149(b)

If a default cannot be cured after considering servicing options and mediation, the lender will proceed with liquidation of collateral. Within 30 days of the decision to liquidate, SEL and CLP lenders will submit a written liquidation plan to the Agency. The Agency estimates that it liquidation will occur on 5 cases per year. The estimated time required for a lender to provide the requested information is 6 hours.

Protective Advances

7 CFR 762.149(e)(1)

Prior written authorization from the Agency is required for all protective advances in excess of \$5,000 for CLP lenders and \$3,000 for SEL lenders. The dollar amount of protective advances allowed for PLP lenders will be specified when PLP status is awarded by the Agency or contained in the lender's agreement. Protective advances are estimated to be necessary in about 3 liquidation cases and the time to provide documents to support the request for concurrence is 1 hour.

Acceleration

7 CFR 762.149(g)(3)

If the borrower is not in bankruptcy, the lender will submit a copy of the acceleration notice or other document to the Agency. The Agency estimates 5 loans annually will be accelerated and the estimated time to provide a copy of the notice to the Agency is 0.17 hours.

Assignment of Guarantee

7 CFR 762.160

Subject to Agency concurrence, the lender may assign all or part of the guaranteed portion of the loan to one or more holders at or after loan closing. The lender will provide the Agency copies of all appropriate forms used in the assignment. FSA estimates 5 loans are sold each year. The information to be submitted to comply with this provision will require a lender an estimated 0.25 hours to complete.

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 decisions for adopting this means of collection. Also describe any consideration of information technology to reduce burden.

Information collections obtained using agency forms may be submitted electronically provided the applicant has obtained and activated a USDA account with Level 2 access that allows for electronic submissions. All forms that the applicant 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 applicant 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 applicant'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, applicants 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 applicants and 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. The information required from applicants and 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 applicants and borrowers reside in rural areas, which often do not have access to high speed internet connection. Moreover, applicants and 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.

Currently, the agency can only accept forms electronically from individual applicants. Electronic signature authentication for entity borrowers is not currently available; however, the agency is anticipating that this option will be available in the near future, provided adequate appropriations are received from Congress to ensure that appropriate system security safeguards

are met. Further, 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 making process where the agency completes part of the information collection instrument and provides it to the applicant to review and execute. In turn, when this option becomes available, the agency may initiate interactions and transactions that only require the applicant or borrower's review and approval or disapproval, as in those situations the applicant or borrower may not need to visit the agency office to complete the transaction.

Lastly, even 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.

As noted above, electronic signature authentication is currently limited to applicants and borrowers who have obtained and activated a USDA account with Level 2 access. Therefore, all third parties (including lenders, providers of borrower training, etc.) that provide information to the agency on behalf of the applicant or borrower do so in paper format, as they cannot submit information electronically nor is there the ability to provide all third parties with a USDA account with Level 2 access.

4. Describe efforts to identify duplication. Show specifically why similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

Agency personnel with expertise in making loans have reviewed 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 applicant. However, financial information that is collected at another time may be dated and not useful for the specific action being considered.

Also, lenders are permitted to use their own forms to the maximum extent possible. The information collections pertain primarily to the securing and documenting decisions regarding FSA guaranteed conservation loans.

Various program areas within the agency share data; however, information collections established in this regulation would typically not be available from another agency. Therefore, the potential to share data with other USDA agencies is limited.

5. Methods to minimize burden on small businesses 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, make business decisions or to obtain a loan from any commercial lender. 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 agency relies on current information to carry out the business of the program as intended with this interim rule. Failure to collect information will result in insufficient data necessary to properly administer CL in a financially sound manner.

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

- a. Requiring respondents to report information more frequently than quarterly. There are no information collection requirements that require information more frequently than quarterly.
- 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 or single copy of a document.
- d. Requiring respondents to retain records for more than 3 years. There are no such requirements.
- e. No utilizing statistical sampling. There are no such requirements.
- f. Requiring the use of statistical sampling which has not been reviewed and approved by OMB. There are no such requirements.
- g. Requiring the pledge of confidentiality. There are no such requirements.
- h. Requiring submission of propriety 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.

This is a new information collection package. The 60-day comment period will be incorporated into the interim rule.

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

There are no payments or gifts provided to respondents.

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

All information collected is treated as confidential. Agency policy prohibits the giving out of individual information. This information is handled according to the Privacy Act and Freedom of Information Act.

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.

No questions of sensitive or personal nature are collected. All collections of information are required for compliance with the 2008 farm bill requirements.

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.....	505
Reports Filed Per Person.....	10
Total Annual Responses.....	5034
Total Annual Burden Hours.....	4863
Average Burden Per Collection.....	59 minutes
Per Respondent.....	9.7 hours

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

Respondent's Cost per Hour	Farmers-Applicants	\$20.53
	Business-Lenders/Agents	\$30.39
Total Annual Respondent Cost	Farmers.....384 hrs. x \$20.53 =	\$ 8,910
	Business...4479 hrs. x \$30.39 =	\$ 136,116
	Total.....4863 hrs.....	\$ 144,000

Respondent cost per hour was derived by using U.S. Bureau of Labor Statistics Occupational Employment and Wages, May 2009, Table 11-9012-Farmers and Ranchers. The U.S. mean household income, as measured by the Bureau of Labor is \$42,710 annually or \$20.53 hourly.

Respondent cost per hour was derived by using U.S. Bureau of Labor Statistics Occupational Employment and Wages, May 2009, Table 13-2072-Loan Officers. The U.S. mean for loan officer's income, as measured by the Bureau of Labor is \$63,210 annually or \$30.39 hourly.

The interim rule will govern the processing of loan guarantees made under the Guaranteed Conservation Loan Program and requires these collections. The agency estimates a maximum of 500 Conservation loans will be made each fiscal year.

Cost per hour for all respondents was derived from the U.S. Department of Labor's Occupational Employment and Wages, May 2009, tables which are found at the Bureau of Labor Statistics website at <http://stats.bls.gov/oes>.

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 collections place no burden costs on respondents for capital, start-up, operation, maintenance, or the purchase of services.

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

The estimated annual cost to the Federal Government is \$ 592,000.

Agency employees review information provided by applicants, borrowers, and third parties third parties and make eligibility and feasibility determinations. The agency estimates that its employees spend 16,000 hours reviewing, approving, reporting and servicing each guaranteed conservation loan.

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. (Rounded to \$37.00) <http://www.opm.gov/oca/10tables/pdf/RUS.pdf>

Note: The agency utilized the County Office Workload for FY 2007 to estimate the costs to the Federal Government.

15. Explain the reason for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.

This is a new information collection for the Conservation Loan Program.

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 agency forms are 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 forms 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. We are seeking approval to not display the OMB expiration date on the forms associated with this information collection.

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

There are no exceptions requested.

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

Agency employees collect the required information from the 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 borrowers. Information collected is stored at the Service Center.