

**United States Department of Agriculture
Farm Service Agency
Supporting Statement
OMB Control Number 0560-New
Conservation Loan Program
Direct Servicing-Special
7 CFR 766**

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 0560-0233. FSA is using the existing forms from the ICR of 0560-0233 for CL.

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.

The 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 direct loan under the new provisions and be extended to persons who are beginning farmers and socially disadvantaged farmers.
- Amend current program requirements under 7 CFR Parts 766.
- 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.

In addition, the collected information is needed to evaluate an applicant's eligibility, determine the feasibility of the proposed operation and adequacy of the security being offered.

Consequently, FSA personnel will process these loans using existing FSA forms and regulations. The current direct loan servicing procedures are published in 7 CFR part 766. FSA will incorporate the new provisions into existing regulations final publication of this interim rule.

Conservation loans will be funded using Natural Resources and Conservation Service (NRCS) allocations. Direct and 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, as well as agency employees.

The information collection instruments included in this submission are in the interim stage because 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 provides 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 for FSA's servicing of financially distressed or delinquent direct conservation loan borrowers in accordance with the provisions of the Consolidated Farm and Rural Development Act (Act) (Pub. L. 87-128), as amended. FSA's loan servicing options include disaster set-a-side, primary loan servicing (including reamortization, rescheduling, deferral, write down and conservation contracts), buyout at market value, and homestead protection. In addition, the regulations describe FSA's policies and procedures regarding servicing of direct loan borrowers who file bankruptcy, as well as liquidation of security when available servicing options do not result in a feasible plan.

Authority to establish the regulatory requirements contained in 7 CFR 766 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 direct loan servicing loans. However, some of the eligibility requirements for conservation loans will be waived under this interim rule. Exceptions under the new Conservation Loan program for applicants who meet the LO-Doc requirements include; 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.

Applicants who meet the eligibility requirements for direct loan servicing assistance will provide information to the local agency office serving the county in which their business is headquartered. The information is necessary to thoroughly evaluate the applicant's request for a direct loan or direct servicing and is used by agency officials to:

- Ensure that when loan funds are used to carry out qualified conservation projects.
- Ensure that a loan is adequately secured.
- Ensure the applicant meets the statutorily established program eligibility requirements.

The Agency estimates 50 percent of the farmers who apply for direct loan annually will meet the eligibility requirements for LO-Doc Conservation loan. For those applicants who do not meet the requirements the general nature of a loan from the agency is very similar to that of any commercial creditor. Legislation requires the agency to actively supervise these applicants and provide credit counseling, management advice, and financial guidance. Thus, the monitoring, reporting, evaluation, and consent requirements of this supervision increase the information collection burden on agency applicants above those imposed by commercial creditors.

The information collection requirements established in 7 CFR 766 are described below and on the attached form FSA-85-1, Reporting and Recordkeeping Requirements.

Direct Loan Servicing-Special

FSA-2501 “Addendum to the Promissory Note or Assumption Agreement for the Disaster Set-Aside Program”

7 CFR 766.57

A borrower who operated a farm in a county designated or declared a disaster area, or contiguous county, who is unable to make all or a portion of the first or second payment due after the disaster may request the amount of the payment that cannot be made to be set-aside. The set-aside portion of the payment becomes due on or before the final due date of the loan.

Borrowers who request assistance under the Disaster Set-Aside program and meet all applicable eligibility requirements must execute FSA-2501 to amend the payment schedule reflected on their promissory note or assumption agreement. The Agency estimates that 126 borrowers will execute this form. Of these borrowers, approximately 60.5 percent will be individual borrowers (97 X 1 respondent), 30 percent will be farming as a joint operation (24 X 2 respondents) and 9.5 percent will be entities having an average of three members (5X 3 respondents), for a total of 160 respondents. The time to review and sign FSA-2501 is estimated to be 15 minutes.

FSA-2511 “Borrower Response to the Notice of the Availability of Loan Servicing”
7 CFR 766.102(a)(1), 7 CFR 766.110(a)(3), 7 CFR 766.204(b), 7 CFR 766.302(a) & (b)

As mandated by section 331D of the Act, delinquent borrowers who are 90 days past due are notified of the availability of loan servicing. The provisions of the Act require that notice include a summary, including eligibility criteria, of all primary loan servicing options, homestead protection, debt settlement, and appeal procedures. Additionally, the Act requires FSA include a summary of the application process as well as a copy of forms relevant to an application. As part of a complete application for loan servicing, the borrower, including all members of the entity, must execute FSA-2511. Completion of the FSA-2511 ensures that the borrower is aware of the statutorily imposed 60-day time frame to submit a complete application. The agency estimates that 41 borrowers (or their attorney in the case of a borrower who has filed bankruptcy) will complete FSA-2511. Of these borrowers, 60.5 percent will be individual borrowers (32 X 1 respondents), 30 percent will be operating as a joint operation (7 X 2 respondents) and 9.5 percent will be entities having an average of three entity members (2 X 3 respondents) for a total of 52 respondents. The time to complete FSA-2511 is estimated at 30 minutes which includes the time required to read the notice of availability of servicing provided on FSA-2510 and execute FSA-2511.

FSA-2513 “Borrower Response to Notice of the Availability of Loan Servicing”
7 CFR 766.102(a)(1), 7 CFR 766.110(a)(2), 7 CFR 766.204(b), 7 CFR 766.302(a) & (b)

As mandated by section 331D of the Act, FSA must provide notice of the availability of loan servicing upon written request of a borrower. As with delinquent borrowers, the provisions of the Act require that notice include a summary, including eligibility criteria, of all primary loan servicing options, homestead protection, debt settlement, appeal procedures the application process and a copy of forms relevant to an application. While not statutorily mandated to do so, FSA also provides notice of loan servicing to current borrowers when it becomes aware they are unable to make their next scheduled installment, a situation referred to as financially distressed. As part of a complete application for loan servicing, a current or financially distressed the borrower, including all members of the entity, must execute FSA-2513.

The notice provided to current and financially distressed borrower differs from that provided to delinquent borrowers in that debt writedown and current market value buyout are only available to delinquent borrowers. In addition, there is no statutorily imposed 60-day time frame to submit a complete application. Those borrowers who do not apply and later become 90-days past due will again be provided notice of loan servicing as mandated. The agency estimates that 31 borrowers (or their attorney in the case of a borrower who has filed bankruptcy) will complete FSA-2511. Of these 31 borrowers, 60.5 percent will be individual borrowers (24 X 1 respondent), 30 percent will be farming as a joint operation (6 X 2 respondents), and 9.5 percent will be entities having an average of three entity members (1 X 3 respondents) for a total of 39 respondents. The time to complete FSA-2513 is estimated at 30 minutes which includes the time required to read the notice of availability of servicing provided on FSA-2512 and execute FSA-2513.

FSA-2515 “Borrower Response to Notice of the Availability of Loan Servicing”

7 CFR 766.102(a)(1), 7 CFR 766.302(a) & (b)

FSA loan and security instruments include provisions with which the borrower must comply, such as operating the security for the loan and graduating to commercial credit when it is available. A borrower that fails to comply with the provisions of their loan and security instruments is considered to be in nonmonetary default and is subject to liquidation. As mandated by section 331D of the Act, FSA must provide notice of the availability of loan servicing prior to initiating liquidation or foreclosure. As with delinquent borrowers, the provisions of the Act require that notice include a summary, including eligibility criteria, of all primary loan servicing options, homestead protection, debt settlement, appeal procedures the application process and a copy of forms relevant to an application. As part of a complete application for loan servicing, a borrower in nonmonetary default, including all members of the entity, must execute FSA-2515.

The notice informs the borrower that the nonmonetary default must be cured prior to receiving loan servicing and that debt writedown and current market value buyout are only available to delinquent borrowers. Completion of the FSA-2515 ensures that the borrower is aware of the statutorily imposed 60-day time frame to submit a complete application. The agency estimates that 2 borrowers (or their attorney in the case of a borrower who has filed bankruptcy) will complete FSA-2515. Of these 2 borrowers, 60.5 percent will be individual borrowers (1 X 1), 30 percent will be farming as a joint operation (1 X 2 respondents), and 9.5 percent will be entities having an average of three entity members (0 X 3 respondents) for a total of 3 respondents. The time to complete FSA-2515 is estimated at 30 minutes which includes the time required to read the notice of availability of servicing provided on FSA-2514 and execute FSA-2515.

FSA-2518 “Acceptance of Primary Loan Servicing”

7 CFR 766.106(b)(1)(i), 7 CFR 766.111(b)(1)

Section 353 of the Act allows FSA 90 days to consider, and provide written notification of the results of its consideration to, a delinquent borrower or borrower in nonmonetary default that requested loan servicing. When FSA determines the borrower meets the applicable eligibility requirements and a feasible plan was found to restructure the borrower’s debt, the Act provides the borrower 45 days to accept FSA’s offer to restructure. FSA’s offer is made using FSA-2517 when the borrower is delinquent or in nonmonetary default. Since the Act establishes a limitation of not more than one debt forgiveness, and further limits the eligibility for loans to borrowers that have received debt writedown to only annual operating loans, FSA allows those borrowers who qualify for restructuring with debt writedown and also have a feasible plan for restructuring at a lower debt service margin without debt writedown, to choose between the two options.

The Act also prohibits FSA from writing down any portion of debt that could be paid from the liquidation of the borrower’s nonessential assets. As part of its consideration of a borrower’s request for loan servicing, FSA calculates the net recovery that would be realized from the liquidation on nonessential assets and provides those borrowers who are eligible and have a

feasible plan for restructuring, the option of paying this amount to reduce their Agency debt and having their repayment structure modified accordingly.

FSA uses FSA-2518 to document the borrower's acceptance of an offer to restructure within the statutorily mandated time frame. The Agency estimates that 33 borrowers will execute FSA-2518. The time to complete FSA-2518 is estimated to be 30 minutes which includes the time required for the borrower to review FSA-2517 and the Debt and Loan Restructuring System report reflecting the calculations for the loan servicing options considered.

FSA-2520 “Acceptance of Primary Loan Servicing”

7 CFR 766.106(a)(1)(i)

While not statutorily mandated to do so, FSA provides notice of loan servicing to current borrowers when it becomes aware they are unable to make their next scheduled installment, a situation referred to as financially distressed. When FSA determines the borrower meets the applicable eligibility requirements and a feasible plan was found to restructure the borrower debt, the Act provides the borrower 45 days to accept FSA's offer to restructure. FSA's offer is made using FSA- 2519 when the borrower is financially distressed or less than 90 days past due. The borrower's acceptance of the offer is documented by their execution of FSA-2520.

FSA is unable to use the same notice of offer used for borrowers who are more than 90 days past due as the financially distressed borrower is not subject to the statutorily mandated time frames. FSA-2520 is similar to FSA-2518 in that it allows delinquent borrowers to choose restructuring with or without writedown, when applicable and provides the option to pay the net recovery value of nonessential assets. However, FSA-2519 and FSA-2520 clarify that the borrower will be re-notified of the availability of loan servicing if they do not accept the offer and later become 90 days past due.

The Agency estimates that 15 borrowers will execute FSA-2520. The time to complete FSA-2520 is estimated to be 30 minutes, which includes the time required for the borrower to review FSA-2519 and the Debt and Loan Restructuring System report reflecting the calculations for the loan servicing options considered.

FSA-2522 “Borrower Response to Denial of Primary Loan Servicing and Intent to Accelerate”

7 CFR 766.113(b)

Borrowers requesting loan servicing who are 90 days past due on their FSA debt, or are in nonmonetary default, must develop a feasible plan and meet certain statutory eligibility requirements. When a borrower is unable to meet one or both of these conditions, FSA notifies the borrower of their right for Current Market Value buyout, if applicable, whereby the borrower has 90 days to pay the Agency the market value of loan security, less prior liens. The borrower is also notified of their right to request reconsideration, mediation, and appeal to the National Appeals Division as required by 7 CFR parts 11 and 780, as well as the opportunity to request negotiation of appraisal as mandated by section 353 of the Act.

FSA provides notice of available options using FSA- 2521. The borrower notifies FSA of requested actions by executing FSA- 2522. The Agency estimates that 3 borrowers will complete FSA- 2522. The time to complete the form is estimated to be one hour, which includes the time required for the borrower to read about and evaluate their options described in FSA- 2521, and review the Debt and Loan Restructuring System report reflecting the calculations for the loan servicing options considered.

FSA-2524 “Borrower Response to Denial of Primary Loan Servicing”

7 CFR 766.106(a)(2)

Borrowers requesting loan servicing who are financially distressed or less than 90 days past due on their FSA debt must develop a feasible plan and meet certain eligibility requirements. When a borrower is unable to meet one or both of these conditions, FSA notifies the borrower of their right for Current Market Value buyout, if delinquent and applicable, whereby the borrower has 90 days to pay the Agency the market value of loan security, less prior liens. The borrower is also notified of their right to request reconsideration, mediation, and appeal to the National Appeals Division as required by 7 CFR parts 11 and 780, as well as the opportunity to request negotiation of appraisal as mandated by section 353 of the Act.

FSA provides notice of available options using FSA-2523. The borrower notifies FSA of requested actions by executing FSA-2524. The Agency estimates that 6 borrowers will complete FSA-2524. The time to complete FSA-2524 is estimated to be one hour, which includes the time required for the borrower to read about and evaluate their options described in FSA-2521, and review the Debt and Loan Restructuring System report reflecting the calculations for the loan servicing options considered.

FSA-2526 “Borrower Response to Notice of Intent to Accelerate”

7 CFR 766.355

Section 331D of the Act provides borrowers who are 90 or more days past due, or are in nonmonetary default, must respond within 60 days of receipt of FSA’s notification of available loan servicing programs. Section 353 of the Act provides borrowers who are 90 or more days delinquent or in nonmonetary default that meet applicable eligibility requirements and develop a feasible plan must accept FSA’s offer for loan restructuring within 45 days. If the borrower does not respond to the initial notification, or does not accept the offer to restructure, FSA notifies the borrower of its intent to accelerate.

The notice of intent to accelerate is considered an adverse action under 7 CFR parts 11 and 780. Therefore, FSA must offer the borrower the option of requesting reconsideration, mediation and/or appeal to the National Appeals Division. In addition, for borrowers that were offered restructuring, FSA must offer negotiation of appraisal, if applicable, as mandated by section 353 of the Act. FSA notifies the borrower of available options using FSA- 2525. The borrower notifies FSA of requested options by executing FSA-2526. The Agency estimates 9 borrowers will complete the form. The time to complete FSA-2526 is estimated to be 10 minutes which includes the time required to review FSA-2525 describing the available options.

FSA-2535 “Conservation Contract”

7 CFR 766.110

As provided for in section 349 of the Act, a borrower (current or delinquent) may request a cancellation of a portion of their FSA debt in return for granting a Conservation Contract on the security property. Contracts can be established for conservation, recreational and wildlife purposes on farm property that is wetland, wildlife habitat, upland or highly erodible land. The borrower selects a contract term of 10, 30, or 50 years.

Borrowers participating in the Conservation Contract program must review and sign FSA-2535 which is recorded in the local real estate records to establish the terms and conditions that the borrower or any subsequent owner will be subject to during the contract period. The Agency estimates that 2 borrowers per year will execute FSA-2535. The time to review and sign the form is estimated to be one hour, which also includes the time required for the borrower to review the management plan that will be followed by the easement manager.

FSA-2543 “Shared Appreciation Agreement”

7 CFR 766.111(b)(4), 7 CFR 766.201(a)

As provided in section 353(e) of the Act, FSA requires borrowers that own real estate that serves, or will serve, as security for the loan to execute a Shared Appreciation Agreement when the loan restructuring includes writedown of their FSA debt. This agreement permits the Agency to recapture a portion of any appreciation in value based on the appraised value at the time of restructuring and at the time of recapture. FSA-2543 establishes the terms and conditions of recapture as mandated by the Act.

The Agency estimates that 1 borrower per year will execute FSA-2543. The estimated time to review and sign the document is 20 minutes.

Non-form collections

Written Request for Disaster Set-Aside

7 CFR 766.54(a)

A borrower who operated in a county designated or declared a disaster area, or contiguous county, who is unable to make all or a portion of the first or second payment due after the disaster may request the amount of the payment that cannot be made, be set-aside. The set-aside portion of the payment becomes due on or before the final due date of the loan. To be considered for Disaster Set-Aside, the borrower, including each member of the entity, must make a written request for consideration. The Agency estimates that 126 borrowers will request consideration.

Of these borrowers, approximately 60.5 percent will be individual borrowers (97 X 1 respondent), 30 percent will be farming as a joint operation (24 X 2 respondents) and 9.5 percent will be entities having an average of three members (5 X 3 respondents), for a total of 160 respondents. The time to prepare the request is estimated to be 15 minutes.

Additional Information Needed to Determine Eligibility for Disaster Set-Aside

7 CFR 766.54(b)(2)

To be eligible for Disaster Set-Aside, the borrower must submit financial records for the for the production cycle during which the disaster occurred. Approval of the collection of financial information was obtained with the approval of FSA-2037 and FSA-2038. The regulation also allows the Agency to request any additional information needed to determine the borrower's eligibility, such as documentation that nonmonetary default has been, or will be, cured prior to approval of Disaster Set-Aside. The need to request additional information is highly unusual. Therefore, the Agency estimates that five percent of the 126 borrowers (6 borrowers) who request Disaster Set-Aside will be required to provide such information. The estimated time for the borrower to provide copies of any requested information is 15 minutes.

Aerial Photo Delineating Requested Conservation Contract

7 CFR 766.102(b)

Borrowers requesting conservation contract as authorized by section 349 of Act must submit a map or aerial photo of the property delineating the proposed easement area. FSA estimates that 2 borrowers will request consideration under the conservation contract program. This projection includes the estimated 86 that will be approved as well as those whose request will not be approved as a result of ineligibility or inability to develop a feasible plan. The estimated time to provide a copy of the map or aerial photo is 20 minutes, which includes the time to obtain an aerial photo of the property from the FSA office as well as outlining the proposed easement area.

Borrower Selection of Conservation Contract Term

7 CFR 766.110(d)

Under the provisions of section 349 of the Act, the Agency may reduce a borrower's outstanding debt in return for the entering a contract for conservation, recreation, or wildlife purposes. The amount of debt reduction granted is based, in part, on the duration of the contract. Borrowers requesting a conservation contract may select either a 10, 30, or 50 year term. FSA will generally review the calculations for the amount of debt reduction for each of the three available contract terms with the borrower prior to making a final offer to the borrower. This allows the borrower to make an informed decision regarding the duration of the contract.

FSA estimates that conservation contract requests will be approved for 2 borrowers. The estimated time required for a borrower to select a contract term after reviewing calculations for the three available contract periods is 20 minutes.

Identification of Capital Improvements to Real Estate

7 CFR 766.202(a)(1)

Under the provisions of section 353(d) of the Act, a borrower who receives a writedown of their FSA debt must sign a Shared Appreciation Agreement under which the Agency may recover a portion of the amount written down. The amount of recapture due is based on the appreciation

that occurs based on the appraised values at the time of writedown and the time recapture is due. FSA's regulations permit the borrower to identify any capital improvements that have been added to the real estate since the execution of the shared appreciation agreement. The contributory value of these improvements will be deducted when determining the appraised value of the property.

FSA estimates that 1 borrower per year will identify capital improvements at the time the amount of recapture is calculated. The estimated time to submit a written list of improvements is 30 minutes.

Refute Finding of Unauthorized Assistance

7 CFR 766.251(b)

FSA regulations require that borrowers repay Farm Loan Programs benefits or assistance for which they were not entitled. Unauthorized assistance may result from a borrower providing false information, or from borrower or Agency error. When FSA determines that unauthorized assistance was received, the borrower is provided an opportunity to discuss or refute the Agency's findings. Based on information submitted by the borrower, it may be determined that the assistance or benefits received were in fact authorized.

FSA estimates that 2 borrowers are notified they received unauthorized assistance each year. Most if not all of these borrowers will want to discuss the Agency's findings, as well as possibly refute the findings. The estimated time for the borrower to review the Agency findings, prepare for a meeting to discuss/refute the findings, and attend the meeting is estimated to be 4 hours.

Travel time

The agency estimates that borrowers required to provide information under this information collection docket will travel once to the agency office. Therefore, FSA estimates that this information collection docket imposes on the respondents 338 hours of travel time.

Note: There is no travel time imposed on lenders or financial institutions providing information on behalf of the borrower, purchasers of agricultural products, or appraisers.

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 servicing 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.

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.....	417
Reports Filed Per Person.....	1.2
Total Annual Responses.....	496
Total Annual Burden Hours.....	514

Average Burden Per Collection
Per Respondent

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

Respondent's Cost per Hour Farmers-Applicants \$20.53

Total Annual Respondent Cost- Farmers (514 x \$20.53) = \$10,552

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 annualized cost to the Federal Government is: \$144,410.

Agency employees review information provided by sellers, buyers/applicants and third parties and make eligibility and feasibility determinations. The agency estimates that its employees spend 3903 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. (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 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.

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.