

**United States Department of Agriculture
Farm Service Agency
Supporting Statement
OMB Control Number 0560-0237
7 CFR 764, Direct Loan Making**

The Agency is requesting approval on an extension with revision of a currently approved information collection that supports Direct Loan Making program.

FSA's Farm Loan Program (FLP) provides loans to family farmers to purchase real estate and equipment, and finance agricultural production. FSA also provides the requirements associated with Farm Ownership, Operating, Emergency and Farm Storage Facility loan programs. Information collections established in the regulation are necessary for the Agency to evaluate the loan applicant's request and determine if eligibility, loan repayment and security requirements can be met. Direct loan making information collection requirements include financial and production records of the operation to ensure that cash flow projections are based on actual production history, a loan is adequately secured, the applicant meets established eligibility requirements, and assignments on income and sales can be obtained when appropriate.

In this analysis, where appropriate the agency revised the (1) number of respondents; (2) responses per respondent, and (3) response time to reflect current program use.

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 the agency uses to provide supervised credit to FLP applicants requesting direct loan assistance in accordance with the provisions of the Consolidated Farm and Rural Development Act (Act) (7 U.S.C. 1921) (Pub. L. 87-128), as amended. Direct loan making information collection requirements include financial and production records of the operation, as well as information necessary to obtain liens on collateral, provide evidence of the indebtedness, and ensure repayment of the loan.

Authority to establish the regulatory requirements contained in 7 CFR 764 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.

Information is submitted by applicants 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 and is used by agency officials to:

- Ensure that cash flow projections used in determining loan repayment are based on the actual production history of the operation.
- Ensure that a loan is adequately secured.
- Ensure the applicant meets the statutorily established program eligibility requirements.
- Obtain assignments on income or sales proceeds, when appropriate, to ensure timely repayment of the loan.

The general nature of a loan from the agency is very similar to that of any commercial creditor. However, agency applicants tend to pose a higher economic risk of loss than those operations financed by commercial creditors as applicants must document that no other source of credit is available at the time of application. 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 764 are described below and on the attached form FSA-85-1, Reporting and Recordkeeping Requirements.

Forms

FSA-2001 – Request for Direct Loan Assistance

7 CFR 764.51(b)(1); 7 CFR 765.205(a) (1); 7 CFR 765.403(a)(1); 7 CFR 766.102(a)(2); 7 CFR 766.204(a)(2); and 767.151(b)

The agency utilizes FSA-2001 as its application form for both direct loan making and direct loan servicing requests. Information collected on FSA-2001 includes name, address, type of operation, marital status, race and ethnicity, citizenship, name and address of employer, as well as certifications pertaining to delinquent Federal debt, prior convictions for controlled substances, disqualification due to Federal crop insurance fraud, restrictions and disclosure of lobbying activities, and previous debt forgiveness by the agency. The information is used to:

- Ensure applicants requesting loan assistance or servicing meet statutory eligibility requirements.

- Determine if the applicant qualifies for funds targeted to socially disadvantaged applicants according to the Act's provisions.
- Determine the State where the agency must file the financing statements according to the Uniform Commercial Code requirements.

FSA-2001 requires all entity members to provide information about percent of ownership in the entity, citizenship, marital status, ethnicity, race, gender, name and address of employer, as well as read the certifications provided above and sign the form.

Further, applicants must provide description of the operation on the application form instead of providing it separately. Individuals complete Parts A, B, D and E of FSA-2001. In addition to the parts that individuals complete, married respondents will also complete items 5A-5P in Part C. Entity members will complete Parts A, C, D and E. Therefore, the agency estimates it will take 30 minutes for individuals to complete the revised form and one hour for entities, as all entity members are required to provide information applicable to individuals and certify and acknowledge that they have read the certifications included on the form.

The agency estimates that there will be 21,400 (see total annual responses (item 10 in FSA-85-1) individual/married responses from 28,496 applicants and 2,245 entity responses (see total annual responses (item 10 in FSA-85-1) from 6,741 entity members. For loan servicing purposes the agency anticipates 7,816 subordination responses from 10,408 individual/married respondents, 821 responses from 2,464 entity respondents, 678 responses from 903 individual/married transfer and assumption respondents, 71 responses from 212 entity respondents, 3,203 individual/married responses from 4,265 respondents, along with 337 entity responses (see total annual responses (item 10 in FSA-85-1), from 1,011 respondents for primary loan servicing per year. The agency also estimates 61 individual/married responses from 81 applicants and 6 entities from 18 entity members for shared appreciation requests.

FSA-2002 – Three-Year Financial History

7 CFR 764.51(b)(4); 7 CFR 766.102(a)(3); and 7 CFR 1436.4

The agency uses FSA-2002 to provide applicants and borrowers a standardized option for submitting the required financial history to the agency. The agency requires applicants to submit the last three years income and expense records as part of a complete application. This information is necessary to ensure that the projected cash flow used to determine loan repayment is based on the actual financial history of the operation.

The agency receives 6,851 applications per year from new applicants who will provide FSA-2002 as part of a complete application and it will take each one hour to complete as they will provide information for all three years or the time they have been farming, if less than three years. Applicants with outstanding loans have provided financial history to the agency as part of the previous year's complete application or as part of the year-end analysis process, and are therefore required to provide FSA-2002 covering only the current year. The agency estimates that 5,374 applicants are required to provide FSA-2002 for the current year and it takes 30

minutes to complete it. The agency also estimates that 250 respondents will need to complete this form for Farm Storage Facility Loan purposes.

Lastly, borrowers requesting primary loan servicing under 7 CFR 766 are required to provide FSA-2002. As is the case for applicants with outstanding loans, most borrowers have provided the agency FSA-2002 as part of the year-end analysis and therefore, will only have to provide one year of information. The agency estimates that 1,132 borrowers will provide a complete application for primary loan servicing and the time to complete FSA-2002 for this purpose is estimated to be 30 minutes per response.

FSA-2003 – Three-Year Production History

7 CFR 761.104(c)(3); 7 CFR 764.51(b)(5); 7 CFR 766.102(a)(4); and 7 CFR 1436.4

The agency uses FSA-2003 to provide applicants and borrowers a standardized option for submitting the required production history to the agency. The agency requires applicants to submit the last three years of production records as part of a complete application for loan making requests. The production records are used to ensure that the projected cash flow used to determine loan repayment is based on the actual production history of the operation.

The agency receives 6,851 applications per year from new applicants who are required to complete all three years of production information. The agency estimates that it will take one hour for each applicant to complete FSA-2003 as they will provide information for all three years or the time they have been farming, if less than three years. Applicants with outstanding loans have provided production history to the agency as part of the previous year's complete application or as part of the year-end analysis process, and are therefore required to provide FSA-2003 covering only the current year. The agency estimates that 5,374 applicants will provide FSA-2003 for the current year only, and it will take 30 minutes to complete.

The agency also estimates that 250 respondents will need to complete this form for Farm Storage Facility Loan purposes.

Lastly, borrowers requesting primary loan servicing under 7 CFR 766 are required to provide FSA-2003. As is the case for applicants with outstanding loans, most borrowers have provided the agency FSA-2003 for another purpose, such as year-end analysis or loan request, and therefore, will only have to provide one year of information. The agency estimates that 1,132 borrowers will provide a complete application for primary loan servicing and the time to complete FSA-2003 for this purpose is estimated to be 30 minutes per response.

FSA-2004 – Authorization to Release Information

7 CFR 764.51(b)(8); 7 CFR 764.51(b)(12); 7 CFR 765.205(a)(6); 7 CFR 765.404(b)(1); 7 CFR 766.102(a)(6) & (8); 7 CFR 766.204(a)(2); 7 CFR 1436.4; and 7 CFR 1956.56

Applicants and borrowers must provide the agency access to employment and non-farm income information as well as allow the agency to verify debts with other creditors. The agency uses FSA-2004 for applicants and borrowers authorizing the agency to obtain the information needed.

Applicants and borrowers complete only one FSA-2004 and the agency makes copies and provides FSA-2004 to creditors and employers. The agency receives 23,645 requests for loan making (includes all type of loans the agency makes), 8,638 requests for subordinations, 748 requests for assumption of debt, 3,540 requests for primary loan servicing; 22 requests for homestead protection, 68 requests for amortization of shared appreciation, and 2,630 debt settlement requests. The agency also estimates that 1500 respondents will need to complete this form for Farm Storage Facility Loan purposes. The agency estimates that each FSA-2004 will take 10 minutes to complete.

FSA-2005 – Creditor List

7 CFR 764.51(b)(12); 7 CFR 764.51(d)(2); 7 CFR 764.101(d); 7 CFR 765.205(a)(6); 7 CFR 765.404(b)(1); 7 CFR 766.102(a); 7 CFR 766.151(a)(3); and 7 CFR 766.204(a)(2)

The agency uses FSA-2005 in which applicants and borrowers provide a complete list of their creditors. The agency will use the information provided to complete, in part, the form on which creditors will verify the applicants and borrowers' debt and assets.

The agency receives 23,645 requests for loan making (includes all type of loans the agency makes), 8,638 requests for subordinations, 748 requests for assumption of debt, 3,540 requests for primary loan servicing; 22 requests for homestead protection, and 68 requests for amortization of shared appreciation. The agency estimates that it takes 20 minutes to complete FSA-2005.

FSA-2006 – Property Owned and Leased

7 CFR 764.51(b)(9); 7 CFR 764.402(c); 7 CFR 765.205(a)(5); 7 CFR 766.102(a)(7); and 7 CFR 766.204(a)

Applicants must provide information on all land owned, to be owned or leased as well as a list of equipment and livestock to be purchased, is currently leased, or is to be leased. Borrowers requesting a subordination of the agency's lien as well as borrowers applying for primary loan servicing have to provide that information also. Information collected on FSA-2006 includes the name of the owner of record, brief description of the land and the acreage of the land under lease, the county the land is located in, as well as the terms of the lease. The information is used to determine if FSA-2028 reflects accurately the property the applicant or borrower owns and leases.

The agency estimates that 35,891 FSA-2006 will be completed annually (23,645 for loan making, 8,638 for subordination, 3,540 for primary loan servicing, and 68 for shared appreciation), and the time to complete each is estimated to be 30 minutes.

FSA-2007 – Statement required by the Privacy Act

7 CFR 764.402 (a)(4)

If the applicant cannot meet the repayment requirements for the loan requested, or the security offered by the applicant does not meet the agency's requirements, the agency may accept a cosigner to ensure timely loan repayment, or a pledge of security by a third party to meet the

security requirements. In those situations, the cosigner or third party is not required to complete FSA-2001, and in the case of third party pledge of security the promissory note does not have to be signed. Therefore, the agency has to provide the statement required by the Privacy Act to meet its requirements under this law. The agency estimates that 912 cosigners or third party pledges will complete FSA-2007 and it will take 15 minutes for each.

FSA-2014 – Verification of Income

7 CFR 764.51(b)(8); 7 CFR 765.205(a)(4); 7 CFR 765.404(b)(1); 7 CFR 766.102(a)(6); 7 CFR 766.152; and 7 CFR 766.204(a)(2)

Applicants requesting a direct loan and borrowers requesting subordination, primary loan servicing, homestead protection, or shared appreciation amortization, must provide FSA-2004 authorizing the agency to obtain verification of their non-farm income and other benefits the applicant or borrower may be receiving or entitled to receive, based on state law. The applicant or borrower provides employer information or other benefit provider on FSA-2001. The agency partially completes FSA-2014 and sends it to the employer or appropriate agency to verify the applicant or borrower's non-farm income.

The agency uses the non-farm income information to determine the applicant or borrower's repayment ability or other sources of income when considering the request. The agency estimates that verification of non-farm income or benefits will be required in the following cases per year:

- 18,739 respondents for loan making purposes
- 6,695 respondents for subordination purposes
- 145 respondents for transfer and assumption
- 2,744 for primary loan servicing purposes
- 19 for homestead protection
- 51 for shared appreciation amortization

and employers or other benefit providers will spend an average of 15 minutes completing FSA-2014.

FSA-2015 - Verification of Debts and Assets

7 CFR 764.51(b)(12); 7 CFR 764.51(d)(2); 7 CFR 765.205(a)(6); 7 CFR 765.404(b)(1); 7 CFR 766.102(a)(8); 7 CFR 766.204(a)(2); 7 CFR 1436(a)(1); and 7 CFR 1956.56

As part of a complete application for a direct loan, subordination request, transfer and assumption request, primary loan servicing, shared appreciation amortization, voluntary conveyance, debt settlement, or storage facility loan, applicants must authorize the agency to verify the applicants' assets and debts, as well as the collateral securing such debts. Applicants and borrowers complete FSA-2004 that authorizes the agency to request financial information about the applicant from creditors and financial institutions. Further, applicants provide a list of creditors on FSA-2005. The agency completes FSA-2015 partially and provides it to creditors and financial institutions, along with a copy of FSA-2004.

Information collected from creditors on FSA-2015 is essential in evaluating the applicant or borrower's repayment ability by ensuring that all debt repayment has been accurately reflected on the farm operating plan. Further, it provides information about the applicant or borrower's assets invested with financial institutions. Information collected on FSA-2015 includes details regarding the security held by the creditor as well as the unpaid debt, installment amount, and repayment history. Use of the form for debt verification is not necessary when all needed information can be obtained from a credit report; however, credit reports do not provide information regarding the type and amount of security taken by the creditor. Lastly, if the applicant or borrower does not have assets invested with financial institutions and the debts can be verified through other means, the form is not completed.

The agency estimates:

- 4,208 creditors/financial institutions will complete an average of 3 FSA-2015 for debt settlement
- 2,800 creditors/financial institutions will complete an average of 3 FSA-2015 for farm storage facility loan purposes.
- 33,060 creditors/financial institutions will complete an average of 3 FSA-2015 for OL & EM purposes
- 4,310 creditors/financial institutions will complete an average of 3 FSA-2015 for FO loan making requests
- 429 creditors will complete an average of 3 FSA-2015 for youth loan purposes
- 13,820 creditors/financial institutions will complete an average of 3 FSA-2015 for subordination requests
- 297 creditors/financial institutions will complete an average of 3 FSA-2015 for transfer & assumption
- 5,308 creditors/financial institutions will complete an average of 3 FSA-2015 for primary loan servicing purposes
- 107 creditors/financial institutions will complete an average of 3 FSA-2015 for SA amortization
- 30 creditors/financial institutions will complete an average of 3 FSA-2015 for voluntary conveyance

The agency estimates that for all the above purposes FSA-2015 will take 20 minutes to be completed by either creditors or financial institutions.

FSA-2026 – Promissory Note

7 CFR 764.402(a)(1),(a)(2),(a)(4); 7 CFR 766.106; 7 CFR 766.155(c); and 7 CFR 766.204

When the agency approves a new loan or the restructuring of an existing loan, the applicant or borrower must sign FSA-2026, which serves as evidence of the indebtedness. FSA-2026 is used to establish the amount, term, interest rate charged on the loan, and repayment schedule. In addition, FSA-2026 contains loan terms and conditions such as the statutorily mandated requirement that the borrower graduate to commercial credit when reasonable rates and terms are available. Further, based on state law, FSA-2026 may contain additional state applicable provisions. Lastly, when the agency restructures a loan and a deferral is part of restructuring, the borrower signs an addendum to the promissory note acknowledging that interest accrued on the deferred principal will be paid in equal installments after the deferral term. Under all circumstances, the agency completes FSA-2026 and the applicant or borrower reviews the terms and conditions and signs it.

In the case of an individual applicant, only one signature is required; however, in the case of an entity, the entity's officers as well as all entity members have to sign FSA-2026. The agency estimates that 18,338 individual applicants and 6,113 entity members will sign FSA-2026 for loan making purposes and 2,545 individual borrowers and 803 entity members will sign FSA-2026 for primary loan servicing purposes.

When the applicant does not have adequate repayment ability, a third party may agree to incur liability for the debt. When this occurs, the cosigner is also required to sign FSA-2026. It is estimated that 204 cosigners will sign FSA-2026.

The agency estimates that applicants, borrowers, and cosigners will spend 20 minutes each reviewing and signing FSA-2026.

FSA-2027 – Supplemental Payment Agreement

7 CFR 764.254(b) and 7 CFR 766.109 (c)(1)

Applicants for OL loans may be required to agree to make supplemental payments on their loans when income is projected to be available. Further, borrowers receiving a deferral under 7 CFR 766, whose repayment ability increases during the deferral period, are required to make supplemental payments on their loans. The agency completes FSA-2027 based on information provided by the applicant or borrower during the loan making or servicing process. The applicant or borrower reviews the form before it is executed. The agency estimates that 626 FSA-2027 will be executed and the time is estimated to be 15 minutes.

FSA-2028 - Security Agreement

7 CFR 764.103(b)(1); 7 CFR 764.103(c); 7 CFR 764.103(e); 7 CFR 764.255(b)(1); 7 CFR 764.305; 7 CFR 764.402(a)(5); 7 CFR 765.303; 7 CFR 766.56; 7 CFR 766.112(a); 7 CFR 766.204(a)(5)

When a loan will be secured by a lien on chattels or loan servicing is requested on loans with chattel security, the applicant or borrower must execute FSA-2028. The applicant or borrower is only required to read and sign FSA-2028, as the agency completes it from information provided during the loan making or servicing process. It is estimated that 3,906 FSA-2028's will be

executed every year for youth loan purposes, 347 completed for pledge of third party, 1,205 for 150 percent requirement, 135 completed for lien on non-essential assets, 11,643 completed for OL lien on property financed, 2,303 completed for adding livestock when crops are to be fed, 4,425 for lien on new property in exchange, 133 completed for delinquent DSA lien on all assets, 343 for primary loan servicing lien on all assets, 67 completed for SA amortization lien on all assets, The agency estimates it will take 20 minutes for each applicant or borrower to read and sign FSA-2028.

FSA-2029D – Deed of Trust and FSA-2029M – Mortgage

7 CFR 764.103; 7 CFR 764.104; 7 CFR 764.155; 7 CFR 764.205; 7 CFR 764.353; 7 CFR 764.402; 7 CFR 765.205(a)(12); 7 CFR 766.106

The agency uses FSA-2029D or FSA-2029M to obtain a security interest in real estate it is financing with agency funds. Both forms contain uniform covenants that address borrower responsibilities such as payments towards the loan, application of payments received, taxes, assignment of proceeds from the real estate, insurance requirements, advances the agency makes on behalf of the borrower, protection of lien, hazardous substances, graduation requirements, forfeiture provisions, false statements, highly erodible land and wetland provisions, and successors and assigns, among others. Further, both forms contain non-uniform covenants such as default, death, incompetence and bankruptcy, foreclosure, and assignment of leases and rents. Lastly, based on state law, FSA-2029D or FSA-2029M may contain additional state applicable provisions.

The agency requires that FSA-2029D or FSA-2029M, as appropriate under State law, be executed to establish the agency's lien against the property when a loan will be secured by real estate. When the agency makes an operating loan and the applicant does not have chattel security of up to 150 percent of the loan amount, the agency will obtain a lien on real estate. In addition, when the applicant does not have the required amount of security for the proposed loan, the agency accepts real estate pledged by a third party as security for the loan.

Borrowers requesting subordination or a partial release and will use proceeds to acquire, develop, or enlarge real estate that the agency does not have a lien on, must also execute FSA-2029D or FSA-2029M. Further, when the agency provides disaster set aside or restructures delinquent borrowers' loans under 7 CFR 766, the borrowers are required to provide the agency with a lien on all their assets; therefore, FSA-2029D or FSA-2029M will be required under those conditions. Lastly, in loan servicing under 7 CFR 766, the agency may have to complete and require the borrower to execute a mortgage modification agreement based on specific state law requirements.

A lien on the real estate security is necessary to ensure that the agency can collect the debt from the sale of the security property should the applicant default on the loan. The agency completes FSA-2029D or FSA-2029M to provide the terms and conditions on which the loan was made; applicants, borrowers, and third parties are only required to review and sign.

In most cases, the applicant or borrower is the owner of the property. In limited cases, the property may be jointly owned by the applicant and another party, in which case both the

applicant and the third party are required to execute FSA-2029D or FSA-2029M for the agency to obtain a valid lien on the property.

The agency estimates:

- 207 respondents will complete FSA-2029D or FSA-2029M for pledge from third party
- 7,503 respondents will complete FSA-2029D or FSA-2029M for 150 percent requirement
- 525 respondents will complete FSA-2029D or FSA-2029M for lien on nonessential assets
- 1,278 respondents will complete FSA-2029D or FSA-2029M for real estate (RE) financed with farm ownership (FO) funds
- 134 respondents will complete FSA-2029D or FSA-2029M for RE financed with beginning farmer downpayment (BFDP) funds
- 124 respondents will complete FSA-2029D or FSA-2029M for emergency (EM) physical loss
- 216 respondents will complete FSA-2029D or FSA-2029M for subordination with purchase
- 82 respondents will complete FSA-2029D or FSA-2029M for proceeds used for development
- 54 respondents will complete FSA-2029D or FSA-2029M for delinquent DSA lien on all assets
- 730 respondents will complete FSA-2029D or FSA-2029M for primary loan servicing lien on all assets
- 67 respondents will complete FSA-2029D or FSA-2029M for SA amortization lien on all assets

In addition, 929 respondents will complete mortgage modification agreements based on state law requirements, when the agency completes servicing requests under 7 CFR 765.205 and 7 CFR 766.106.

The agency estimates that applicants, borrowers, and third parties when required, will spend an average of 30 minutes each reviewing and executing FSA-2029D or FSA-2029M.

FSA-2041 – Assignment of Proceeds from the Sale of Products and FSA-2042 – Consent to Payment of Proceeds from Sale of Products

7 CFR 764.402; 7 CFR 765.303; and 7 CFR 766.106(a) & (b)

At, or before loan closing or closing the servicing action requested, the agency requires all necessary signatures to obtain the required security interest in the collateral. In addition to executing a financing statement or real estate mortgage/deed of trust, as appropriate, the agency may require an assignment or consent to payment from proceeds to ensure that proceeds from the sale of security or products is submitted to the agency.

FSA-2041 is executed by applicants or borrowers to provide an assignment of proceeds from the sale of products to the agency when the agency does not have a lien on the products. FSA-2041 enables the purchaser of the products to directly submit sale proceeds to the agency. FSA-2042

is executed by applicants or borrowers to provide consent to payment of proceeds from the sale of products to the agency when the agency has a perfected lien on the products.

Information collected on both FSA-2041 and FSA-2042 includes the applicant's name and address, the purchaser's name and address and provides a written record of the agreement reached between the parties for the disposition of the proceeds. The agency uses the information provided on both forms to ensure the applicant has adequate repayment ability for the loan or servicing request. It is estimated that 5,524 applicants or borrowers will complete either FSA-2041 or FSA-2042, as appropriate, and each of 1,841 purchasers will complete three FSA-2041s or FSA-2042s. The agency estimates that it takes 20 minutes each applicant, as well as purchaser, to complete the required form.

FSA-2043 – Assignment of Proceeds from the Sale of Dairy Products and Release of Security Interest

7 CFR 764.402; 7 CFR 765.303; and 7 CFR 766.106(a) & (b)

Applicants may assign to the agency the proceeds from the sale of dairy products when the agency has a security interest in the products under the Uniform Commercial Code. Further, borrowers requesting regular as well as primary loan servicing, may be required to provide a revised assignment to the agency to close the servicing request. Information collected on FSA-2043 includes the products' purchaser name and address, the applicant's name and address as well as the agreement reached regarding the distribution of payments for dairy products sold. The agency requires this information to ensure that the applicant will be able to repay the requested loan or be able to meet the terms for the restructured loan. It is estimated that 3,315 applicants will complete one FSA-2043 and 1,105 purchasers will complete three FSA-2043s, as dairy operations and purchasers of dairy products tend to be concentrated in certain areas of the country. The agency estimates that it takes 20 minutes each applicant, as well as purchaser, to complete FSA-2043.

FSA-2044 – Assignment of Income from Real Estate Security

7 CFR 764.402; 7 CFR 765.252

Applicants and borrowers may assign to the agency income derived from a lease of real estate security when all or part of the proceeds will be collected over a period of time. The agency uses FSA-2044 to set forth the terms and conditions applicable to the assignment. It is estimated that 1,830 applicants and borrowers will execute FSA-2044 and the time it takes is estimated to be 20 minutes per response.

FSA-2301 – Request for Youth Loan

7 CFR 764.302(d) and (e)

Section 311(b)(1) of the Act provides authority to make loans to rural youths "to operate an enterprise in connection with their participation in 4-H Club, Future Farmers of America, and similar organizations." The agency receives 4,312 applications per year from youth loan applicants and it takes 30 minutes for each applicant to complete FSA-2301. Information provided on FSA-2301 includes the applicant's name, address, marital status, race and ethnicity,

citizenship, as well as certifications pertaining to delinquent Federal debt, prior convictions for controlled substances, and previous debt forgiveness by the agency.

A complete application for a youth loan includes a recommendation and plan of supervision by a project advisor associated with the organization in which the youth participates. This information is needed to ensure that the youth is receiving guidance during the loan term. It is estimated that 77 percent, or 3,320, of youth applicants have the same project advisor, as youth loans tend to be concentrated in rural areas. Therefore, 2,652 project advisors will spend an average of 10 minutes preparing and submitting their recommendation.

Lastly, the youth applicant's parent or guardian must acknowledge the understanding of the full liability being incurred by the youth loan applicant. The agency estimates that 93.8 percent of youths have not reached the age of majority when they apply for a loan, and therefore, 4,044 parents or guardians must provide the acknowledgement to the agency. It is further estimated that each acknowledgement takes 10 minutes.

FSA-2302– Description of Training and Experience

7 CFR 764.51(a)(3)

For new applicants or for OL applicants who are adding a new enterprise, a complete direct loan application includes a description of the applicant's farm training and experience, including each entity member that will be involved in managing or operating the farm. Information provided on FSA-2302 is used to ensure that the applicant has the necessary training and experience to carry out the planned operation. It is estimated that 9,448 applicants will spend 20 minutes each completing FSA-2302.

FSA-2309 - Certification of Disaster Losses

7 CFR 764.51(b)(14)

As part of a complete application for emergency loans, applicants must complete FSA-2309. The information collected provides details regarding the losses suffered by the applicant and is used to calculate whether or not the applicant suffered a qualifying loss necessary to meet the statutorily-mandated emergency loan eligibility requirements. The agency estimates that 1,319 applicants will complete FSA-2309 annually and it will take 90 minutes to complete.

FSA-2310 –Lender's Verification of Loan Application

7 CFR 764.352(e)

Individual applicants, as well as entity members, requesting an emergency loan must document whether they can obtain needed credit from commercial lenders. Applicants partially complete FSA-2310 to allow the lenders to whom they have applied for a loan to provide information to the agency pertaining to their request. In turn, lenders complete the remaining parts of FSA-2310, which consist of debts owed by the applicant, the lender's willingness to continue extending credit to the applicant, and the amount, interest rate, terms, purpose and security offered by the applicant for the proposed loan. Lastly, lenders indicate if they would be willing to provide the needed credit to the applicant through an agency guaranteed loan.

The agency estimates that 1,194 individuals and 375 entity members will partially complete FSA-2310 and it will take 5 minutes to complete. Further, the agency estimates that 785 lenders will take 30 minutes to complete the remainder of FSA-2310.

FSA-2313 – Notification of Loan Approval and Borrower Responsibilities

7 CFR 764.401(a)

When the agency approves a loan request, the applicant must read and agree to the loan approval conditions by executing FSA-2313. Information contained on FSA-2313 includes the amount of the loan, loan term, interest rate and any other conditions required for loan approval. It is estimated that FSA-2313 will be executed by 20,376 applicants. Each will spend 20 minutes reviewing and executing FSA-2313.

FSA-2317 – Consent and Subordination

7 CFR 764.255(b)

When the agency makes an operating loan for items that will become fixtures on real estate the agency does not have a lien on, it requires the lender with the lien on the real estate to consent to the agency making the loan. The agency partially completes FSA-2317 and the applicant and lender are required to review and execute the form. It is estimated that 186 applicants and 186 lenders will be required to execute FSA-2317. For both, the response time is estimated to be 15 minutes.

FSA-2318 – Agreement for the Disposition of Jointly Owned Property

7 CFR 764.402(c)

When the agency makes a loan to purchase or refinance debt against interests in jointly-owned property, all the property owners must execute FSA-2318 to agree on the conditions under which the loan will be made. Further, the applicant, as well as all owners, provides their respective lienholder's information and percent of undivided interest on FSA-2318. Before the jointly-owned property can be sold under an involuntary sale, all lienholders have to provide consent. The agency estimates that less than 10 lienholders per year will have to provide consent to sell jointly-owned property. The agency estimates that 118 applicants will execute FSA-2318 and it will take 10 minutes each.

FSA-2319 – Agreement with Prior Lienholder

7 CFR 764.104(a)(2)

When the agency approves a real estate loan subject to an existing prior lien, the agency requires the prior lienholder to execute FSA-2319, if state law does not require the lienholder to provide notice of foreclosure to junior lienholders. FSA-2319 provides the prior lienholder is required to notify the agency if the borrower defaults on the prior lienholder's loan, so the agency can protect its financial interest. The agency completes FSA-2319 and the prior lienholder reviews and executes it. It is estimated that 1,119 prior lien holders for direct loan purposes and 800

prior lien holders for farm storage facility loan purposes will spend 10 minutes each reviewing and executing the form.

FSA-2320 – Property Insurance Mortgage Clause

7 CFR 764.108

When real estate is security for an agency loan, the applicant has to obtain insurance as provided by the agency. FSA-2320 is used when the insurance is written by a company other than a contract company; is attached to the property insurance policy; and, provides the distribution conditions for any loss or damage payments. After the loan for which FSA-2320 was provided has been paid in full, the agency uses it to release its security interest in the real estate. The agency estimates that 12 insurance companies will provide FSA-2320 and it will take 10 minutes to complete.

FSA-2340 – Selection of Attorney/Title Agent

FSA-2341 – Certification of Attorney

FSA-2342 – Certification of Title Insurance Company

7 CFR 764.402(d)(3) and 7 CFR 765.205(b)(13)

Applicants select the closing agent to perform loan closing and other legal services to ensure they obtain good and marketable title to the security. The agency developed FSA-2340 to document that applicants selected the agent, and that the applicant understands that the agency does not assume any liability or responsibility for the closing agent's fees. The agency estimates that all applicants for farm ownership loans as well as for emergency loans secured by real estate and borrowers requesting subordination of real estate security, or 2,911 applicants, will complete FSA-2340. The agency estimates that each FSA-2340 will take 10 minutes to complete.

Closing agents for agency loans have to be licensed in the state where the loan will be closed; must not be debarred or suspended from participation in Federal programs; must maintain liability insurance as well as fidelity bond to cover employees with access to loan funds; have knowledge of the requirements of state law to close the loan; provide title clearance; and act promptly to provide the required services. The agency estimates that one third of applicants will use the same closing agent to perform loan closing; therefore, a total of 1,951 closing agents will complete FSA-2341 or FSA-2342, as appropriate, and it will take 20 minutes per response.

FSA-2344– Preliminary Title Opinion

7 CFR 764.402(b) and 7 CFR 765.205(b)(13)

The agency will not close a loan secured by real estate, or approve a subordination of a real estate lien until it is certain that good and marketable title can be vested in the applicant, subject only to encumbrances, exceptions, and reservations authorized by the agency in writing, and ensure the agency can obtain a valid lien on the security. The applicant-selected closing agent prepares FSA-2344 after examination of real estate records to determine if the requested action can be closed and provide the agency with a valid lien and the applicant with good and marketable title. Information contained in FSA-2344 is used by the agency to prepare the loan

closing instructions. It is estimated that 1,951 closing agents will complete 2,907 FSA-2344 and each one will take 90 minutes to complete.

FSA-2350 – Loan Closing Instructions

7 CFR 764.402(e)

When a loan will be secured by real estate, or a subordination of real estate security is approved, the agency utilizes FSA-2350 to provide loan closing instructions to the closing agent. The closing agent must review the instructions, and after closing the loan, sign and return FSA-2350 certifying the loan was closed according to the instructions provided. It is estimated that 1,951 closing agents will review and complete 2,907 FSA-2350 and each will take 30 minutes.

FSA-2351 – Certification of Improvement of Property

7 CFR 764.402(d), and 7 CFR 765.205(b)(13)

At loan closing or subordination, the seller of the property must execute FSA-2351, providing that no work or improvements have been completed within a specified time period, or that if work was completed, all contractors have been paid. The specified time period is established based on state laws pertaining to the filing of mechanics liens. The certification is necessary to ensure that mechanics liens cannot be filed after the agency loan or the subordination has been closed as mechanics liens take priority, and would, thereby, adversely impact the agency's interest in the security property. It is estimated that 412 sellers will spend an average of 10 minutes each reviewing and executing FSA-2351 at loan closing.

FSA-2352– Final Title Opinion

7 CFR 764.402(d) and 7 CFR 765.205(b)(13)

The agency will not close a loan secured by real estate, or approve a subordination of a real estate lien until the closing agent can issue a policy of title or final title opinion showing title vested as required, the agency lien and security position and any exceptions. This information is necessary to ensure the agency can obtain the desired lien position and that there are no flaws or encumbrances on the title that would adversely impact the agency's financial interest in the security property. FSA-2352 is prepared by the closing agent to provide the final title opinion. It is estimated that 1,951 closing agents will complete 2,907 FSA-2352 and each will take 30 minutes to complete.

FSA-2360 – Report of Lien Search

7 CFR 764.402(c)

For loans that will be secured by chattels, the agency requires that a lien search be completed to ensure the agency will obtain the required lien priority. In most cases, agency employees complete the lien search; however, attorneys may be used to conduct the lien search. The agency estimates that 434 attorneys for direct loan purposes and 1500 attorneys for farm storage facility loan purposes will each complete one FSA-2360 and it will take 30 minutes to complete it.

FSA-2361 – Subordination to the Government

7 CFR 764.255(b)

The agency requires a first lien on all property or products acquired or produced with OL loan funds. If another creditor holds the first lien position, the agency may require the creditor to subordinate its security position to the agency to close the loan. The agency estimates that 520 creditors will complete and execute FSA-2361 and it will take 30 minutes for each.

FSA-2370 – Request for Waiver of Borrower Training

7 CFR 764.453

The applicant must submit evidence of successful completion of financial or production courses, or evidence which demonstrates to the agency's satisfaction the applicant's experience and training necessary for a successful and efficient operation to request waiver of borrower training requirements. The agency requires borrower training at the time of initial loan; when supervision as provided under 7 CFR 761 indicates need for training; or, when the applicant is requesting a loan for a new enterprise. Applicants for initial loan only may request waiver of borrower training.

Applicants requesting an initial loan from the agency complete FSA-2370 and provide appropriate documentation needed for the agency to determine training needs. The agency estimates that there are 6,851 new applicants, and one third will request waiver of borrower training. It is estimated that 2,284 applicants will spend 30 minutes each completing FSA-2370 and submitting the documentation required.

FSA-2371 – Agreement to Complete Borrower Training

7 CFR 764.452(b), (c), and (d); 7 CFR 764.454

When the agency determines, based on the evaluation of the applicant's documentation of training and experience, the applicant will benefit by attending borrower training, the agency requires applicants to execute FSA-2371 agreeing to complete financial management, production, or both training, as appropriate. Further, the agency may require applicants for a loan to add a new enterprise to attend borrower training, even if the training requirement had been waived or completed under previous loan requests. Lastly, if agency supervision indicates the applicant needs to attend borrower training, the agency will require the applicant to complete the appropriate courses. All applicants executing FSA-2371 must complete the training within 2 years. It is estimated that 5,922 applicants will each spend 15 minutes reviewing and executing FSA-2371.

FSA-2375 - Agreement to Conduct Production or Financial Management Training

7 CFR 764.458(a)

After the agency approves a vendor's request to become approved borrower training source for the agency's applicants, the vendor and the agency execute FSA-2375. The agreement to conduct borrower training is valid for three years and outlines the terms agreed to by the vendor

and the agency, based on the documentation provided on the vendor's application. It is estimated that 133 vendors will spend 10 minutes each reviewing and executing the form.

FSA-2376 – Borrower Training Course Evaluation

7 CFR 764.454(d)

Upon completion of a required borrower training course, the borrower completes an evaluation of the course using FSA-2376. The borrower submits the completed form to the vendor for submission to the agency. This evaluation is used by the agency to ensure that the training course is meeting the planned objective and that the vendor is fulfilling the requirements established in their agreement with the agency. It is estimated that 2,664 borrowers will each spend 15 minutes completing the evaluation. Further, it is estimated that 256 vendors will spend 30 minutes each reviewing and returning 10.39 forms FSA-2376 to the agency.

Non-Forms

7 CFR 764.51(b)(2) – Entity Information with Direct Loan Application

Entities applying for agency loans must provide copy of the entity's charter, articles of incorporation and bylaws, evidence of current registration and a resolution adopted by the Board of Directors or entity members authorizing the entity to apply for and obtain the loan. Only new entities that have not obtained a loan from the agency are required to provide this information. Iowa has developed form FSA-2300-1 IA, Notice Agreement, for obtaining the required information. Oregon has developed form FSA-2000-1 OR, Addendum for Additional Signatories, for obtaining the required information. The respondents who complete the respective state forms are not required to provide any other additional information for this purpose. The agency estimates that 650 new entities apply for loans every year and it takes 15 minutes for each entity to provide copies of the above documents.

7 CFR 764.51(b)(6) – Documentation that Other Credit is Not Available

A statutory eligibility requirement that must be met by applicants is that other credit at reasonable rates and terms, including a loan guaranteed by the agency, is not available. Applicants, including individual entity members, must submit documentation that other credit is not available. It is estimated that 18,685 applicants will spend one hour gathering and submitting this documentation.

To obtain this documentation, the applicant must contact local agricultural lenders. It is estimated that 5,946 lenders will meet with an average of 3.14 applicants for an average of one hour to provide the documentation required.

7 CFR 764.51(b)(10) – Copy of Legal Description of Property to be Purchased, Leases, or Other Agreements

As part of a complete application, the applicant must submit a copy of the legal description of the property to be purchased, leases for rented land or other agreements that are needed to effectively

evaluate the loan request. For example, a copy of the lease is needed if the applicant is requesting a loan to finance improvements to leased land to ensure the term of the lease exceeds the proposed loan term. The legal description of the property to be purchased is needed for the agency to obtain the appraisal and file the security instrument. It is estimated that 10,573 applicants will spend 15 minutes each submitting copies of this information.

7 CFR 764.51(b)(13) – Additional Information Needed to Evaluate Loan Application

The agency may request any additional information needed to effectively evaluate the loan application, as 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 already in the applicant's possession, such as a divorce decree, information pertaining to child support or alimony paid or received, or copy of driver's license or other documents that may be required under State law.

Collection of information under this requirement will be limited to only those items that potentially impact the applicant's cash flow projections or are needed to ensure the agency obtains a legally enforceable lien on the proposed loan security. Several states have developed their own forms to ensure an enforceable lien on loan security required by State law. Colorado has developed form FSA-2300-2 CO, Transfer and Assignment of Waterstock, for obtaining the required information. Kansas has developed form FSA-2300-8 KS, Authorization to Amend an Existing Financing Statement, for obtaining the required information. Minnesota has developed form FSA-2000-1 MN, Affidavit of Ownership, for obtaining the required information. Oregon has developed form FSA-2300-3 OR, Contract Modification, for obtaining the required information. Wisconsin has developed form FSA-2300-1 WI, Agreement by Holder of Seller's Interest under Land Contract, for obtaining the required information. Wisconsin has developed form FSA-2300-4 WI, Mortgage for Wisconsin by a Third Party, for obtaining the required information. Wisconsin has developed form FSA-2300-5 WI, Security Agreement by a Third Party, for obtaining the required information. The respondents who complete the respective state forms are not required to provide any other additional information for this purpose. It is estimated that 934 applicants will spend 15 minutes each providing copies of the appropriate documentation to the agency.

7 CFR 764.53(e) – Request to Keep Loan Application Active

Historically, direct OL and FO loan funds are exhausted each fiscal year before all approved loans are funded. When loan funds are exhausted, the agency will keep an approved loan application on file until funding becomes available. The agency, however, will contact the applicant at least annually to determine if the application should be retained or withdrawn. It is estimated that 28 applicants per year will respond to the agency's inquiry and it will take 10 minutes for each response.

7 CFR 764.101(c) – Citizenship Status Documentation

Applicants certify as to their citizenship status on FSA-2001, or FSA-2301 for youth loan applicants. Sections 302, 311, and 321 of the Act provide that applicants for agency loans must

be United States citizens. Further, provisions of the Personal Responsibility and Work Opportunity Act of 1996 (8 U.S.C. 1611) require that recipients of Federal benefits be U.S. citizens, U.S. non-citizen nationals, or qualified aliens. Applicants who identify themselves as non-citizen nationals or qualified aliens must submit copies of supporting documentation to establish their eligibility. It is estimated that 12 applicants will spend 15 minutes each submitting copies of the required documentation to the agency.

7 CFR 764.104(b)(2) – Contract for sale – agreement to use insurance proceeds

If the real estate offered as security is held under a recorded purchase contract, the applicant and the purchase contract holder must agree in writing that any insurance proceeds received for real estate losses will be used only for one or more of the following purposes: to replace or repair the damaged real estate improvements which are essential to the farming operation; to make other essential real estate improvements; or to pay any prior real estate lien, including the purchase contract. Applicants do not normally enter into contract for sale; therefore, the agency estimates that 19 applicants and sellers will enter into contract for sale. Further it is estimated that it will take each applicant 15 minutes to provide a copy of the contract.

764.104(b)(5) – Purchase contract holder agreement

The purchase contract holder must agree in writing to not sell or voluntarily transfer their interest without prior written consent of the agency; not encumber or cause any liens to be levied against the property; not take any action to accelerate, forfeit, or foreclose the applicant's interest in the security property; consent to the agency making the loan and taking a security interest in the applicant's interest under the purchase contract; not take any action to foreclose or forfeit the interest of the applicant under the purchase contract because the agency has acquired the applicant's interest by foreclosure or voluntary conveyance, or because the agency has subsequently sold or assigned the applicant's interest to a third party who will assume the applicant's obligations under the purchase contract; notify the agency in writing of any breach by the applicant; and give the agency the option to rectify the conditions that amount to a breach.

As provided above, the agency estimates that 19 contracts for sale will be executed, and it is further estimated that it will take 15 minutes to provide a copy of the contract to the agency.

764.104(c) – Request to BIA for title status report

When real estate offered as security for an agency loan is on Indian Trust lands, the applicant must request BIA to furnish Title Status Reports to the agency and approve the lien before the agency may close the loan. The agency estimates that 12 applicants will be required to comply with this requirement and it will take one half hour to fulfill.

7 CFR 764.108(a), (b), (c), and (d) – Copy of Property or Hazard Insurance, Flood Insurance, or Crop Insurance Policies

Prior to loan closing, the applicant must provide copies of property or hazard insurance, flood insurance, or crop insurance policies, as appropriate, covering loan security, as loss or damage to

the security property would jeopardize repayment of the loan and adversely impact the agency's financial interest. Copy of the applicable insurance policy is necessary to ensure the agency is listed as loss payee or beneficiary on the insurance policy.

It is estimated that:

- 10,662* applicants will submit a copy of property or hazard insurance policy
- 10,662* applicants will submit a copy of flood insurance policy
- 13,145 applicants will submit a copy of crop insurance policy.

Note: * The agency estimates that applicants may have to provide copies of one, two, or all three types of insurance, based on the loan requested and the security offered.

Further, the agency estimates it will take 15 minutes to provide the appropriate copy.

7 CFR 764.108(d) – Waiver of Eligibility for Emergency Crop Loss Assistance

Section 371 of the Act provides that as a condition for obtaining a direct OL loan, the applicant must obtain crop insurance, if available. Further, Section 193 of the Federal Agriculture Improvement and Reform Act of 1996 provides, in part, to be eligible for assistance under section 371 of the Act, the applicant must obtain crop insurance or waive any eligibility for crop loss assistance. It is estimated that 545 applicants will spend 15 minutes providing a copy of the statutorily mandated waiver in lieu of obtaining crop insurance. T

7 CFR 764.151(e) – Evidence applicable to refinance bridge FO loan

One eligible use of FO loan funds is to refinance a bridge loan made by a commercial or cooperative lender, after the agency approved the FO loan for the applicant but agency funding was not available to consummate the transaction. The agency estimates that 130 applicants will spend 15 minutes each providing a copy of the commercial lender's promissory note, once agency funding becomes available.

7 CFR 764.255 Security Requirements for OL loans

Under applicable state law, the agency may have to obtain and maintain branded livestock and feeder cattle agreements, as well as obtain liens on motor vehicles. The agency estimates that 322 applicants will be required to provide the branded livestock and feeder cattle agreements and 62 applicants will be required to provide a lien on motor vehicles for the agency to close the operating loan requested. Colorado has developed form FSA-2000-1 CO, Motor Vehicle Security Agreement, for obtaining the required information. Colorado has developed form FSA-2000-2 CO, Feeder Cattle Agreement, for obtaining the required information. Kansas has developed form FSA-2300-9 KS, Feeder Cattle Agreement, for obtaining the required information. Kansas has developed form FSA-2300-11 KS, Acknowledgement of Purchase Money Security Interest of Farm Service Agency (FSA), for obtaining the required information. Oregon has developed form FSA-2300-2 OR, Severance Agreement, for obtaining the required information. The respondents who complete the respective state forms are not required to provide any other additional information for this purpose. It is estimated that the time to provide each agreement to the agency is 15 minutes.

7 CFR 764.352(c) – Copy of Lease and Notification of Termination of Lease During the Loan Term

EM loan funds may be used to repair or replace property damaged or destroyed as a result of a disaster, provided that at the time of the disaster the applicant is the owner and operator of the farm, or the operator of the farm with a lease term that exceeds the term of the loan requested. Applicants leasing the farm they operate must provide a copy of the lease to the agency to determine that the lease exceeds the proposed loan's term. Further, the applicant is required to provide prior notification to the agency if the lease is proposed to terminate during the term of the loan. This notification is necessary to ensure that the agency's financial interests are protected.

The agency estimates that 12 EM applicants lease the property they operate and will, therefore, have to provide a copy of the lease. The time to provide the copy of the lease is estimated to be 15 minutes. The agency estimates that less than one third of the above applicants will have to notify the agency of the lease's termination during the loan term, and the time to provide it is estimated to be 15 minutes.

7 CFR 764.352(e) – Written Declination of Credit for Emergency Loan Applicants

Provisions of the Act mandate that an applicant for an EM loan be unable to obtain the necessary credit from other sources. Applicants requesting a loan in excess of \$300,000 must provide two written declinations; applicants requesting a loan less than \$300,000 must submit one written declination; and, in the case of applicants requesting a loan less than \$100,000, the agency may waive the requirement if it determines that it poses undue burden on the applicant. It is estimated that 83 percent of EM loan requests are for less than \$100,000; therefore, 83 percent of applicants will provide either one or none written declination. The agency receives 1,359 EM loan applications per year. Of those, only 286 applicants will have to provide multiple written declinations. It will take each applicant 15 minutes to request it from a commercial lender.

In addition to the burden imposed on applicants, the commercial lender denying the applicant's EM loan request must provide the written declination. It is estimated that 186 commercial lenders will spend one half hour each providing the written declination.

7 CFR 764.353(d)(3) and 764.356(a) – Documentation of Inventory for Livestock Physical Losses

The provisions of the Act require that an applicant suffer a 30 percent loss to be eligible for an EM loan; therefore, when an EM loan is requested for physical losses to livestock, the applicant must provide written documentation of the inventory on hand immediately preceding the loss, and records of livestock product sales sufficient for the agency to determine the level of loss. The information is necessary to ensure the applicant suffered a qualifying loss as well as establish the value of the livestock and livestock products just prior to the loss. The agency estimates that 124 applicants will provide written documentation and it will take 15 minutes to provide it.

7 CFR 764.355(c) – Documentation to Approve an EM Loan Based on Repayment Ability When Adequate Security is Not Available Because of the Disaster

Under the provisions of the Act, the agency may approve an EM loan when adequate security is not available because of the disaster, provided there is reasonable assurance that the applicant has the ability to repay the loan and certain other conditions are met. One of the conditions requires that the applicant has had a positive net cash farm income in at least 3 of the past 5 years. All loan making applications require 3 years of production, income and expense records; therefore, this condition only imposes the collection of the additional two years of records over all other loan requests. While the general requirement has been reduced to three years of records for most applicants, the additional two years of documentation is necessary when a loan is being made without adequate security. It is estimated that 12 applicants will spend an average of 15 minutes providing copies of the additional two years of financial records.

7 CFR 764.355(e) – Certificate of Title for EM Loans

Under most circumstances, the agency requires title clearance when a loan will be secured by real estate. Title clearance ensures that a valid lien can be obtained and that there are no encumbrances that would adversely impact the agency's financial interest. An exception to the title clearance requirement is made for EM loans of \$25,000 or less. For these loans, the applicant may provide a certification of ownership in the form of an affidavit signed by the applicant. The relatively low loan amount limits potential losses to the agency. It is estimated that 62 emergency loan applicants will spend an average of 15 minutes providing a certificate of title.

7 CFR 764.454(a)(2) – Documentation of circumstances beyond the borrower's control for not completing training within timeframe

When borrowers are unable to complete the required borrower training within 2 years due to circumstances beyond their control, such as when the scheduled course was cancelled or a

training vendor was not approved in the borrower's area, borrowers have to provide appropriate documentation to the agency. Documentation may include copy of the course's cancellation notice and return of training fees. The agency estimates that 296 borrowers will provide the documentation required and it will take 15 minutes to provide it.

7 CFR 764.456 – Vendor Application for Approval to Provide Borrower Training

Vendors who desire agency approval to provide financial management or production training to agency borrowers must submit a written request and supporting documentation, which must include:

- Sample course materials and a description of the training methods;
- Specific training objectives for each session of the course;
- A detailed course agenda;
- A list of instructors and their qualifications;
- The proposed locations where training will take place;
- Cost per participant and minimum and maximum class size;
- A description of the vendor's experience providing training to farmers;
- A description of how the needs of borrowers with physical or mental disabilities, or with limited English speaking proficiency will be met.

This information is necessary to ensure that the vendor is capable of providing the statutorily mandated training designed to assist the borrower in becoming a successful farm operator. It is estimated that 34 vendors will spend 16.5 hours preparing and submitting an application for approval each year.

7 CFR 764.458(a)(3) – Request to Change Curriculum, Instructor, or Cost

Agency-approved vendors are required to have prior approval from the agency to change the curriculum, instructor, or cost for an approved course. This requirement ensures that training is provided in the manner outlined in the vendor's request for approval. It is estimated that 13 vendors will spend 30 minutes preparing and submitting the request.

7 CFR 764.458(a)(4) – Vendor Revocation of Agreement to Provide Borrower Training

Vendors may revoke the agreement to provide borrower training by providing the agency with a 30-day written notice. It is estimated that 13 vendors will spend 15 minutes each preparing and submitting a revocation request.

7 CFR 764.458(b) – Renewal of Vendor Approval to Provide Borrower Training

Vendors receive approval to provide borrower training for a period of 3 years. To maintain their status, the vendor must provide a written request to renew the agreement along with any changes in course curriculum, instructor or cost. This information is necessary to ensure that continued approval of the vendor and the courses provided will meet the objectives of the statutorily

mandated borrower training requirements. It is estimated that 133 vendors will spend 6.5 hours preparing and submitting a request for renewal.

7 CFR 764.459 – Vendor Evaluation of Borrower Progress

Vendors are required to provide the agency with a periodic progress report for each borrower enrolled in training. The reports indicate whether the borrower is attending sessions, completing the training program, and demonstrating an understanding of the material. This evaluation is necessary to ensure the training provides the intended benefit to the borrower. It is estimated that 396 vendors will submit an average of 6.72 evaluations per year and that vendors will spend approximately 30 minutes preparing and submitting each evaluation.

Travel Time

The agency estimates that applicants and borrowers required to provide information under this information collection docket will travel twice, once to the agency office to complete the application process and a second time to the closing agent’s office to complete loan closing, or if loan closing is completed by an agency employee to the agency office. Therefore, the agency estimates that each visit will require one hour per visit (23,645 x 1 hr per visit x 2 visits) and this information collection docket imposes on the respondents 47,290 hours of travel time.

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.

Collections contained in 7 CFR 764 that will be approved under OMB Control Numbers for other CFR parts/OMB Control Numbers

The following table summarizes the information collections included in 7 CFR 764, 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
764.51	Financial information to process loan making request	0560-0238
764.51	Production information to process loan making request	0560-0238
764.51	Operating plan	0560-0238
764.51	Copies of tax returns	0560-0238
764.51	Evidence that environmental requirements have been met to process loan request	0575-0094
764.402	Use of supervised bank account to deposit loan funds when other options are not available	0560-0238

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, it is the agency's experience that very few applicants and borrowers utilize this option. Most applicants 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.

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.

The burden established in this regulation is required under the provisions of the Act, which mandates specific actions be taken when making loans to FLP applicants.

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. 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.

Since the agency is mandated to provide supervised credit, failure to collect the information, or collecting it less frequently, could result in the failure of the farm operation or loss of agency security property. The collection of information is required as a result of an applicant's specific request, is obtained on an as-needed basis, and is used to document the applicant's eligibility for the requested loan. Accurate decisions when making a loan depend on current financial

information and actual history and potential of the farming operation in order to carry out the program as intended. There is no regular reporting schedule related to the information collection requirements in this CFR part. If the information were not collected, or collected less frequently, the agency would be unable to meet the congressionally mandated mission of its loan programs.

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.

On May 12, 2010 (75 FR 26706-26707), the agency published a notice regarding its intention of requesting OMB for the extension of the existing information collection and inviting comments. There were no comments received on the notice.

FSA maintains close contact with borrowers through FSA's general field representatives (GFR) and a headquarters' staff. GFR's have direct personal contact with the applicants in connection with the fulfillment of FSA requirements. GFR's pass on any substantive comments to the headquarters staff. Staff is readily available to assist/help the Agency's customers. FSA works closely with lending institutions and a nationwide network of lending institutions as part of the Farm Credit System, which provides supplemental loan funds to borrowers.

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

FSA has a website containing general information about the Agency, specific information about the major programs administered by the Agency; a directory of various program staff and how to communicate with them; many Agency regulations, forms, and bulletins; and links to other relevant sites.

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.

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 Agency’s 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. No further assurance of confidentiality is provided to applicants or borrowers.

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 FSA’s decision pertaining to loan making and servicing 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.....	176,378
Reports Filed Per Person.....	3.7
Total Annual Responses.....	653,201
Total Annual Burden Hours.....(includes 47,290 hrs travel time).....	310,347
Average Burden Per Collection.....(310,347/653,201).....	48 minutes
Per Respondent.....(310,347/176,378).....	1.76 hours

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

Respondent’s Cost per Hour - Farmers	\$23.62
- Business	\$30.55

Total Annual Respondent Cost - Farmers.....	(203,335X\$23.62)	\$4,802,773
- Business.....	(107,013X\$30.55)	\$3,269,247
- Total		\$8,072,020

Respondent cost per hour 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 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 officer’s 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 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.

Agency employees review information provided by applicants, borrowers, and third parties and make eligibility and feasibility determinations. The agency estimates that its employees spend 2,648,240 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. <http://www.opm.gov/oca/10tables/pdf/RUS.pdf>

Therefore, the estimated annual cost to the Federal Government is:
 $2,648,240 \times \$36.19 = \$95,839,805.$

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

Since the last approval, there has been an economic downturn causing tighter commercial credit and a subsequent increase in FSA’s Farm Loan Program appropriations which resulted in 6,789 more respondents, an increase of 24%, from the last approval. There is an adjustment of 37,594 hours due to the result of changes in the number of respondents reflecting current program uses for the renewal request. This adjustment is derived from an overall increase in hours from the last approval of 272,753 to the renewal request of 310,347. The annual number of responses was increased by 135,669. This adjustment is derived from an overall increase in responses from the last approval of 517,532 to the renewal request of 653,201.

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 applicant. 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. Information collected is stored at the Service Center.