

United States Department of Agriculture
Farm Service Agency (FSA)
Supporting Statement
OMB Number-0560-0155
7 CFR 762, "Guaranteed Farm Loan Programs Loans"

The purpose of this document is to request extension of a currently approved information collection package used in support of FSA's Guaranteed Farm Loan Program (FLP). The Agency has developed a new form FSA-2254-A "Guaranteed Loan Report of Loss-Report Types 1,2,5,6, and 7. The collected information is needed to evaluate an applicant's eligibility, determine the economic feasibility of the operation, and the adequacy of the security being offered.

Justification

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

The Consolidated Farm and Rural Development Act (CONACT), as amended, authorize the Secretary of Agriculture to make and service loans guaranteed by FSA to eligible farmers and ranchers. The statutory authority for the guaranteed loan program is set out in the Code of Federal Regulations (CFR), Title 7, Chapter VII, Part 762. The loans made and serviced under 7 CFR 762 include farm operating and farm ownership loans. Also serviced under this Subpart are emergency loans, soil and water loans, and recreation loans, which exist from past authority, but are no longer, granted new guarantees by FSA. The collection of information requested is necessary to assure that the program is being carried out in accordance with the applicable laws, authorities, and policy objectives.

The Secretary is authorized to define the character, scope, and frequency of information required to be collected. The law requires that certain policies be verified by FSA to assure that farmers and ranchers, joint operators, farm cooperatives, private domestic corporations and partnerships that are controlled by farmers and ranchers engaged primarily and directly in farming or ranching in the United States comply with such policies in order to obtain the requested assistance.

In general, a loan applicant for FLP type loan assistance must meet the following conditions: They must be a citizen of the United States; own and operate or become the owner and operator of not larger than a family size farm; and be unable to obtain sufficient credit elsewhere at reasonable rates and terms.

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

Authority to establish the regulatory requirements obtained in 7 CFR 762 is provided under 5 U.S.C. 301, 7 U.S.C. 1989, 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 a new collection, indicate the actual use the Agency has made of the information received from the current collection.

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

The information collection requirements established in 7 CFR 762 are described below and on the attached Form FSA 85-1, “Reporting and Recordkeeping Requirements”. FSA’s Farm Loan Programs has elected to request burden approval of all forms, regardless of the number of respondents, to ensure that all forms reflect an OMB Control Number thereby eliminating possible confusion or questions from the public. Most, if not all forms that would not be considered a “collection of information” is required under the provisions of the Act and therefore cannot be eliminated.

FORMS:

Form FSA-2201 “Lenders Agreement”

7 CFR 762.105(d)(3), 7 CFR 762.106(f)(2), 7 CFR 762.130 (d)(3)

This form is used to establish the Lender as an approved participant in the Guaranteed Loan Program of FSA and the status approved for participation. This agreement sets forth the lenders and agency’s responsibilities regarding loans made under the guaranteed

program. Agreements with CLP and PLP are valid for 5 years. Agreements with SEL's are valid indefinitely. The agreement does not need to be completed for each loan, rather the lender completes the agreement and it covers all loans made. Each year, approximately 3000 lenders make FSA guaranteed loans. As of FY 2009, there are approximately 240 CLP Lenders and 170 PLP Lenders for a total of 410 CLP and PLP lenders. We estimate approximately 425 will be required to execute a new lender's agreement over the next 5 years. Furthermore, we estimate 20 new SEL lenders will participate in the Guaranteed Loan Program annually, for a total of 100 over the next 5 years. Therefore, we estimate a total of 525 FSA-2201 will be executed over the next five years and the time to review and execute this document is 60 minutes (1 hour) per response.

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

This form is used by lenders to apply to the FSA Guaranteed Loan program. Standard Eligible Lenders (SEL) and Certified Loan Program (CLP) lenders must perform at least the same level of evaluation and documentation for guaranteed loans as for non-guaranteed loan of a similar type for loans \$125,000 more/less. This request describes the characteristics of the borrower, the purpose for which loan funds will be used, the proposed security for the loan, and the proposed terms and conditions of the loan request. Many items are customary business practice for any loan transaction between a farm business and a lender, for example, a balance sheet, cash flow, financial and production history, and verification of debt and income. Other items are additional requirements for the Agency to determine program eligibility or to comply with laws and executive orders. Application packages will vary depending on the size of the loan, the status of the lender, and the material already available to FSA. Last fiscal year, the agency received over 12,000 loan applications. We estimate approximately 65 percent, or 7800 of the 12,000 loan applications received annually will be submitted by SEL and CLP lenders. Furthermore, in FY 2009, 131 applications were submitted by lenders electronically. Approximately 2600 SEL lenders and 240 CLP Lenders participate in FSA's guaranteed loan program. Therefore, we estimate approximately 2850 lenders will provide form FSA-2211 and the estimated time to furnish this information is 210 minutes (3.50 hours) per response for lenders and 30 minutes (0.50) hours per response for each loan applicant.

Form FSA-2212 “Preferred Lender Application for Guarantee”
7 CFR 762.110(a)(1), 7 CFR 762.110 (6)(c)

This form is used by Preferred Lenders (PLP) to apply for a guarantee on proposed loan(s). Since PLP lenders are those with the industry's best practices and record, FSA only requires an application form and loan narrative to be completed. The remainder of the documentation consists of the lender's own practices. In 2009, FSA closed approximately 4,400 loans from PLP lenders. In FY 2009, 829 applications were

submitted by lenders electronically. 170 PLP lenders participate in FSA's guaranteed loan program. The estimated time to furnish this information is 1 hour per response for each lender and 15 minutes per response for each applicant. With PLP lenders, no additional burden is required of loan applicants other than that required in the normal course of business when applying for a farm loan.

(Supporting documentation-GLS-NIR303 Report Count of PLP loans closed in FY-09)

Form FSA-2221 "Interest Assistance Agreement"
7 CFR 762.150((d)(3), 7 CFR 762.150(h), 7 CFR 762.150(h)(i)(6)

This form is used by FSA to reduce the interest rate on a Guaranteed Operating Loan. As of September 30, 2009, over 4100 loans with Interest Assistance were outstanding. In FY 2009, approximately 600 lenders submitted 750 interest assistance agreements request from borrowers. We estimate on average, the same number of request will be processed annually. The time required by the lender and loan applicant to read and complete this form is estimated to be 15 minutes (.25 hours) each.

(Supporting documentation-DAFLP Management report FY-09)

Form FSA-2222 "Request for Interest Assistance Payment"
7 CFR 762.150(a)(1)(i)

This form is used by an FSA Guaranteed Lender to request periodic interest assistance payments for Guaranteed Farm Loans that have an Interest Assistance Agreement in effect. In FY 2009, the Agency processed approximately 2263 request for interest assistance payment from approximately 600 lenders. Lenders with existing guarantees will continue to submit their request for interest assistance payment. Therefore, the Agency estimates that 2263 requests for payment will be submitted annually. The estimated time to submit this request is 20 minutes (0.33) hours per request.

Note: Supporting documentation GLS-2094 Interest Assistance Payment Summary Report)

Form FSA-2232 "Conditional Commitment"
7 CFR 762.130 (c)(2)

This form is used by the lender to certify that the requirements listed on this form have been or will be met. All loans guaranteed require the lender to review and accept the conditions set forth in the Conditional Commitment. In FY 2009, over 12,000 loan applications were received and we estimate approximately the same number of

applications will be received annually from approximately 3000 lenders. The estimated time to review and execute this document is 15 minutes (0.25 hours) per response.

(Supporting documentation-DAFLP Management report FY-09)

Form FSA-2233 “Lender Certification”
7 CFR 762.130(d)

This form is used to document certain conditions and requirements that have been or will be met in closing a farm loan and execution of loan documents required to obtain an FSA Loan Guarantee. The lender is certifying that no major changes have been made in the lender’s loan or line of credit conditions since submission of the application. All loans guaranteed require the lender to complete a Lender Certification form; therefore, we estimate 3000 lenders will complete 12,000 certifications annually. The estimated time to review and execute this document is 15 minutes (0.25 hours) per response.

Form FSA-2236 “Guaranteed Loan Closing Report”
7 CFR 762.130 (d)(3)

This form is used to prepare many types of actions on the guarantee. This form must accompany all guarantee fee payments. The lender delivers this form and applicable fee to the Agency representative. In FY-09 the Agency received over 12,000 loan applications and obligated approximately 10,000 guaranteed loans. We estimate approximately 3000 lenders will close approximately 12,000 loans annually and the estimated time to furnish this information is 60 minutes (1 hour) per response.

Form FSA-2241 “Guaranteed Loan Status Report”
7 CFR 762.141(b)

This form is used by FSA Guaranteed Lenders. It is used to update the status of each borrower’s loans and to keep data for all guaranteed loans up to date in FSA accounting records. All lenders will submit the appropriate guaranteed loan status reports as of March 31 and September 30 of each year. As of September 30, 2009 (FY-09), the Agency’s total number of outstanding guaranteed loans are approximately 53,500. Therefore, this form will be required approximately 107,000 times annually with each requiring approximately 20 minutes (0.33 hours) preparing and submitting. In FY 2009, 236 FSA-2241 were submitted electronically.

Form FSA-2242 “Assignment of Guarantee”
7 CFR 762.160(a)(6)

This form is used to assign an existing FSA guarantee to a holder. Once the lender accepts a specific buyer’s offer, the lender notifies FSA that the loan is being assigned. The Agency has approximately 5,500 loans outstanding that have been sold to secondary market investors. FSA projects 250 lenders will sell approximately 1,400 loans annually.

In FY 2009, 21 FSA-2242 were submitted electronically. The Agency estimates that this form requires approximately 30 minutes (0.50 hours) completing.

Form FSA-2248 “Guaranteed Farm Loan Default Status”
7 CFR 762.141(a)

This form is used to inform FSA of the status of borrowers in default. This form is completed when the guaranteed loan becomes 30 days past due and resubmitted every 60 days until the default is cured either through restructuring or liquidation. The overall guaranteed loan delinquency rate measured in loans delinquent as of September 30, 2009 is 1.70 percent. Thus, approximately 1,500 of these forms are submitted every 60 days or roughly 9,000 a year. In FY 2009, 346 FSA-2248 were submitted electronically. Each form requires approximately 20 minutes (0.33 hours) completing and submitting.

Form FSA-2251 “Lender’s Guaranteed Loan Payment to USDA”
7 CFR 762.144(c)

This form is used to transmit any funds due USDA when USDA has purchased a part or the entire guaranteed portion of the loan. The agency estimates that 10 lenders will be required to execute FSA-2251 annually, and it will take approximately 30 minutes (.50 hours) to complete.

Form FSA-2252 “Farm Loan Programs Guaranteed Writedown Worksheet”
7 CFR 762.145(4)(e)

Lenders use this form to document the decision to write down the guaranteed loan(s) and pay the required loss claim(s). The Agency estimates 15 lenders will submit one report requesting writedown. The time required to complete the form is estimated to average 120 minutes (2 hours).

Form FSA-2253 “Shared Appreciation Agreement”
7 CFR 762.147

This form is used to define the agreement between the lender and borrower upon the write down of debt for future recapture of a percentage of the real estate value appreciation. This agreement requires the lender to collect from the borrower a percentage of the value increase in the property if the 5-year period of the agreement expires or another specified action occurs prior to the expiration. The Agency estimates that 5 write downs involving real estate will occur annually. It is estimated that the form will require 60 minutes (1 hour) for a lender and borrower to complete and execute the form.

Form FSA-2254 “Guaranteed Loan Report of Loss”

This form is used by FSA Guaranteed Lenders to report a loss on a FSA Guaranteed loan. In FY 2010, 875 lenders submitted FSA 2254 forms. The agency expects the same

number of lenders to report losses to the agency and will complete an average of two reports each for a total of 1750 responses annually. The time required to complete this information collection is estimated to average 25 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

Form FSA-2254A “Guaranteed Loan Report of Loss – Report Types 1, 2, 5, 6, and 7” (Supplemental Form to FSA-2254) (NEW)

This form will be used to assist FSA Guaranteed Lenders in gathering and organizing the necessary information needed for the Loss Claim Report Types 1, 2, 5, 6, and 7 on the FSA 2254. It is optional for lenders to use this form. The FSA 2254A average burden hours is estimated at 1 hour and 15 minutes (75 Minutes). It is estimated 720 Lenders will use the FSA 2254A annually.

**Form FSA-2261 “Report on Collection Activities on Liquidated Accounts”
7 CFR 762.141(f)**

This form is used to update FSA of collection activities made by the Lender on liquidated accounts. The number of annual reports on collection activities estimated to be submitted is 1,800 by approximately 900 lenders. The time burden required to complete the form is estimated to be 10 minutes (0.17 hours).

Non-form collections

7 CFR 762.105(b) Standard Eligible Lender Eligibility Criteria

To participate in FSA Guaranteed Farm Loan Programs, the standard eligible lender (SEL) must provide evidence when requested that they have experience making and servicing agricultural loans and have the capability to make and service the loan for which a guarantee is requested. The lender, its officers, or agents must not be debarred or suspended from participation in Government contracts or be delinquent on a Government debt. The Agency estimates that 100 lenders over the next five years will spend about 30 minutes (0.50 hours) providing the evidence requested.

7 CFR 762.105(c)(2), 762.105(c)(3) Substitution of Lenders – New & Original Lenders

A new eligible lender may be substituted for the original lender, upon the original lender’s concurrence. The new lender agrees in writing to assume all servicing and other responsibilities of the original lender. The Agency estimates 20 new lender substitutions will require a new agreement and estimates 1 hour to execute a lender’s agreement if one is not in effect.

The original lender will assign their promissory note, lien instruments, loan agreements, and other documents to the new lender. The Agency averages 100 lender substitutions annually. The time the original lender spends submitting this information is estimated at 30 minutes (0.50 hours) in each case.

7 CFR 762.105(d)(3) Lender Name or Ownership Changes

When a lender begins doing business under a new name or undergoes an ownership change, the lender must notify the Agency. The Agency estimates that 20 lenders per year change the name under which they are doing business or undergo ownership changes. The notification required by this section would require about 0.33 hours for each lender.

7 CFR 762.106(a) Preferred and Certified Lender Programs – General

Lenders who desire PLP or CLP status must prepare a written request addressing their desire to receive PLP or CLP status and their branch office which they desire to be considered by the Agency for approval. The lender may include any additional supporting evidence or other information the lender believes would be helpful to the Agency in making its determination. There are presently 240 CLP lenders and 170 PLP lenders. The Agency estimates 15 additional lenders will apply for CLP status and 15 for PLP status this year. The estimated time to furnish the required information for CLP lenders is 15 hours per response and for PLP lenders, 17 hours per response.

7 CFR 762.106(b)(6)(i) and 762.106(c)(1) CLP and PLP Criteria – Training

A representative of each CLP and PLP Lender must agree to attend Agency sponsored training once every 12 months. The Agency estimates 240 CLP lenders and 185 PLP lenders, that at least two representatives per lender will travel and attend this training. The Agency trainings, including travel time, will require around 8 hours per year for each lender.

7 CFR 762.106(e) Monitoring CLP and PLP Lenders

CLP and PLP lenders will provide information and access to records upon Agency request to permit the Agency to audit the lender for compliance with regulations. The Agency reviews 40 percent of each SEL's loans, and 20 percent each of CLP and PLP lender's loans each year. We estimate a total of 425 CLP and PLP lenders will be required to provide the necessary information to the agency each year. The time to provide the information is 1 hour per response. .

7 CFR 762.106(f)(2) Renewal of CLP or PLP Status

PLP or CLP status will expire within a period not to exceed 5 years from the date the lender's agreement is executed, unless a new lender's agreement is executed. Renewal of

PLP or CLP status is not automatic. A lender must submit a written request for renewal of a lender's agreement with PLP or CLP status. The agency estimates approximately 425 CLP & PLP lenders will continue in the guaranteed loan program. and will need to reapply for status every five years. The estimated time to furnish this information is 5 hours per response.

7 CFR 762.110(f)(1) Conflict of Interest

When a lender submits the application for a guaranteed loan, the lender will inform the Agency in writing of any relationship which may cause an actual or potential conflict of interest. The Agency estimates 800 lenders must provide additional information regarding conflict of interest on approximately 800 loan applicants. The estimated time to furnish this information is 15 minutes (0.25 hours) per request.

7 CFR 762.123(a)(1) & 762.123(b) Insurance and Farm Inspection Requirements

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

Before submitting an application, lenders must make an inspection of the farm to assess the suitability of the farm and to determine any development that is needed to make it a suitable farm. The Agency estimates 3,000 lenders must make an inspection on approximately 12,000 loan applications and require 75 minutes (1.25 hours) for each inspection.

7 CFR 762.124(a)(1) Interest Rates, Terms, Charges, and Fees

At the request of the Agency, the lender must provide evidence of the rate charged the average agricultural loan customer. This evidence may consist of average yield data, or documented administrative differential rate schedule formulas used by the lender. The average agricultural loan customer does not include low-risk or high-risk farmers. The Agency estimates 750 lenders will be required to justify the interest rate charged on 750 loan applications. The estimate time to furnish this information is 15 minutes (0.25 hours) per response.

7 CFR 762.127 Appraiser Requirements

The Agency may require a lender to obtain an appraisal based on the type of security, loan size, and whether it is primary or additional security. The lender must demonstrate to the Agency's satisfaction that the appraiser possesses sufficient experience or training

to estimate the market value of agricultural property. The Agency estimates 1,000 lenders will submit justification of the appraiser's qualifications on an average of 3 reports per lender. The estimate time to furnish this documentation is 60 minutes (1 hour) per response.

7 CFR 762.128(d)(2) Equal Opportunity and Non-Discrimination

When the guaranteed loan involves construction, the contractor or subcontractor must file all compliance reports, equal opportunity and non-discrimination forms, and otherwise comply with all regulations prescribed by the Secretary of Labor pursuant to Executive Orders 11246 and 11375. There are few farm construction companies with over 50 employees; however the Agency estimates that this will only affect no more than 25 lenders. The estimated time to furnish this information is 75 minutes (1.25 hours) per response.

7 CFR 762.130(xi)(2) Inspections

The lender must notify the Agency of any scheduled inspections during construction and after the guarantee has been issued. Approximately 20 percent of Farm Ownership (FO) loans are for capital improvements. In FY 2009, the agency made approximately 4600 guaranteed farm ownership loans. The Agency estimates 920 lenders will need to make inspections for 920 loan applicants that will involve capital improvements. The time required for each notification is 15 minutes (0.25 hours). (Supporting documentation-GLS Management report FY-09)

7 CFR 762.130(f) Replacement of Loan Guarantee or Assignment Guarantee Agreement

If the guarantee or assignment guarantee agreements are lost, stolen, destroyed, mutilated, or defaced, the Agency will issue a replacement to the lender or holder. The Agency estimates that 50 lenders will provide the necessary documentation to the agency annually. The time required to make the request to the Agency is estimated to take 30 minutes (0.50 hours) per response.

7 CFR 762.141(c) Reporting Requirements – CLP Lenders

CLP lenders must also provide a written summary of the lender's annual analysis of the borrower's operation. CLP lenders must also provide the borrower's balance sheet and income and expense statement for the previous year, in addition to an annual farm visit report or collateral inspection. The Agency estimates that 265 lenders require 60 minutes (1 Hour) to submit this documentation. This annual analysis may be waived if the borrower is financially strong, however most lenders provide the information anyway. Furthermore, the state of Wisconsin has developed a form 2200-3 "Lender Analysis Report by Certified Lender" to assist lenders with collecting and documenting this data.

7 CFR 762.141(d) Reporting Requirements – SEL Lenders

SEL lenders must also provide a written summary of the lender's annual analysis of the borrower's operation. SEL lenders must also provide the borrower's balance sheet and income and expense statement for the previous year, in addition to an annual farm visit report or collateral inspection. The Agency estimates that 2625 lenders require 2 hours to submit this documentation. Furthermore, the state of Wisconsin has developed a form 2200-2 "Lender Analysis Report by Standard Eligible Lender" to assist lenders with collecting and documenting this data.

7 CFR 762.141(3)(e) Reporting Requirements – PLP Lenders

PLP lenders will submit additional reports as required in the lender's agreement. A majority of PLP lenders are not required to provide the Agency with any analysis information. The Agency estimates that 10% or 17 of the 170 PLP lenders will submit additional information according to their lender's agreement. The Agency estimates 30 minutes (.5 hours) to provide this information.

7 CFR 762.142(b)(2) Partial Releases

This section allows lenders to release a portion of guaranteed loan security without consideration when certain conditions are met. Based on discussions with lenders and State Specialists, the burden estimate for this provision is 300 lenders will submit an average of 3 requests for concurrence requiring 6 hours to compile and submit the information.

7 CFR 762.142(c) Subordinations

The Agency may subordinate its security interest on a direct loan when a guaranteed loan is being made if the requirements of the regulations government Agency direct loan subordinations are met. The Agency estimates that approximately 25 lenders will submit an average of 4 subordination requests annually. The time required to complete and submit the required documentation is estimated to be 6 hours.

7 CFR 762.142(d)(9) Transfer and Assumption

Transfers and assumptions servicing action must be approved by the Agency in writing for SEL and CLP lenders. The Agency estimates that each year 25 lenders will request transfer and assumption servicing actions. The loans that were sold on the secondary market will be assumed by someone else. The estimated time it will take to notify the holder in writing of the assumption is estimated at 20 minutes (.33 hours).

7 CFR 762.144(b)(1) Repurchase by the Lender

When a lender is requested to repurchase a loan from the holder, the lender must consider the request according to the servicing actions that are necessary on the loan. It is estimated that 100 lenders will make 3 requests annually, and it will take 30 minutes

(.50 hours) per response to make the demand on the lender and provide evidence of ownership.

7 CFR 762.144(c)(1) Repurchase by the Agency – Holders and Lenders

If the lender does not repurchase the loan, the holder must inform the Agency in writing that demand was made on the lender and the lender refused. FSA purchases an average of 10 loans per year for the holders, and 10 loans per year for the lender, under this section. The Agency estimates that each request will require approximately 15 minutes (.25 hours) for the holders and 15 minutes (.25) hours for the lenders to provide evidence of ownership and to provide loan balance information.

7 CFR 762.144(d) Repurchase for Servicing

If, due to loan default or imminent loan restructuring, the lender determines that repurchase is necessary to adequately service the loan, the lender may repurchase the guaranteed portion of the loan from the holder, with the written approval of the Agency. The Agency estimates 75 lenders will make 5 requests annually. The time required for the lender to request SED concurrence with the repurchase is estimated to average 20 minutes (.33 hours) per response.

7 CFR 762.145(a)(3)(iii); 762.145(b)(e); 762.145(a)(4) Restructuring Guaranteed Loans – SEL, CLP, & PLP Lenders

To restructure guaranteed loans, SEL and CLP lenders must obtain prior written approval of the Agency for all restructuring actions. All lenders will submit copies of any restructured notes or lines of credit to the Agency. Assuming that future restructuring actions are consistent with previous years, the Agency estimates that 140 SEL lenders will make 4 requests annually. The burden to compile and provide the information, which is a normal business practice, is projected at 3 hours per request. Approximately 240 CLP lenders will make 3 requests annually and the Agency estimates 2 hours per request. PLP lenders will restructure loans in accordance with their lender's agreement. The Agency estimates 70 PLP lenders will submit copies of restructured notes or lines of credit. The Agency estimates that PLP lenders will take 20 minutes (.33 hours) to submit this information and will average 2 requests per year each.

7 CFR 762.145(e) Debt Writedown

The lender may only write down a delinquent guaranteed loan or line of credit in an amount sufficient to permit the borrower to develop a feasible plan. The Agency estimates 10 lenders will submit necessary information on 10 borrowers annually. The time to furnish all of the required documentation will require an average of 10 hours per borrower.

7 CFR 762.146(a)(2) Other Servicing Procedures – Additional Loans and Advances – SEL and CLP Lenders

SEL and CLP lenders must not make additional loans or advances without prior written approval of the Agency, except as provided in the borrower's loan or line of credit agreement. The burden to the lender is estimated at 2 hours. This type of analysis is a standard business practice for SEL and CLP lenders. The Agency estimates that there will be an average of 400 loan applicant requests annually for additional loans or advances.

7 CFR 762.146(c) Release of Liability after Liquidation

After a final loss claim has been paid on the borrower's account, the lender may release the borrower or guarantor from liability if certain requirements are met. The Agency processes approximately 1,000 lender loss claims annually and the estimated time is 5 hours per request.

7 CFR 762.146(d) Interest Rate Changes

The lender may change the interest rate on a performing (non-delinquent) loan with the borrower's consent. To do so, the lender must repurchase the loan or obtain the holder's written consent, obtain a legally effective allonge or amendment to the existing note, and inform the Agency of the rate change. The Agency estimates 150 lenders on average will process 2 interest rate changes annually. The agency estimates about 1 hour for the lender to comply.

7 CFR 762.147 Servicing Shared Appreciation Agreements

This section governs collection of Shared Appreciation Agreements (SAA) required for consideration to receive a guaranteed loan writedown. The Agency estimates that 20 SAA's will be completed by lenders annually. The time required to monitor agreements and to provide FSA with the Recapture Reimbursement is 4 hours per response.

7 CFR 762.149(a) Mediation

This section requires lenders to participate in borrower and creditor mediation when the loan is made in a State with a law that mandates mediation. The Agency estimates that lenders will attend 150 mediation meetings per year as a result of this requirement. The time required to prepare for and attend each meeting is estimated to be 4 hours.

7 CFR 762.149(b) Liquidation Plan

If a default cannot be cured after considering servicing options and mediation, the lender will proceed with liquidation of collateral. Within 30 days of the decision to liquidate, SEL and CLP lenders will submit a written liquidation plan to the Agency. The Agency estimates lenders will process 1,300 cases per year. The estimated time required for a lender to provide the requested information is 6 hours.

7 CFR 762.149(e)(1) Protective Advances

Prior written authorization from the Agency is required for all protective advances in excess of \$5,000 for CLP lenders and \$3,000 for SEL lenders. The dollar amount of protective advances allowed for PLP lenders will be specified when PLP status is awarded by the Agency or contained in the lender's agreement. The agency estimates 100 lenders will request on average 5 protective advances annually. The time to provide documents to support the request for concurrence is 1 hour.

7 CFR 762.149(g)(3) Acceleration

If the borrower is not in bankruptcy, the lender will submit a copy of the acceleration notice or other document to the Agency. The Agency estimates 800 lenders will process 1,000 delinquent borrower accounts (loans) annually. The estimated time to provide a copy of the notice to the Agency is 10 minutes (.17 hours).

7 CFR 762.160 Assignment of Guarantee

Subject to Agency concurrence, the lender may assign all or part of the guaranteed portion of the loan to one or more holders at or after loan closing. The lender will provide the Agency copies of all appropriate forms used in the assignment. FSA estimates 599 lenders will complete on average 2.8 reports to complete the process for assignment of guarantee. The total estimated responses is 1,400 annually. The agency estimates lenders will spend 15 minutes (0.25 hours) to complete.

7 CFR 1940.4(c) Market Placement Program

In the Market Placement Program, direct loan applications are processed under the standard direct loan procedures. If the loan applicant is eligible and may qualify to receive a guaranteed loan, the Authorized Agency Official shall present the completed guaranteed loan application to 1 or more lenders, selected by the loan applicant, who have expressed an interest in the Market Placement Program. The Agency estimates 25 lenders will submit 25 loan applications annually through the Market Placement Program. The time to comply with this provision is 60 minutes (1 hour) to complete.

Information Collections Approved Under Other Control Numbers

7 CFR 762.128(a) Environmental and Special Laws

This is covered under 7 CFR part 1940, subpart G, therefore no additional burden is required of the lender.

7 CFR 762.148(c)(1) Estimated Loss Claims in Reorganization

The lender may submit an estimated loss claim upon confirmation of the reorganization plan with supporting documentation for the loss claim, and additional information requested by the Agency. The burden associated with FSA loss claims is included in 0575-0137.

Travel Time

The Agency estimates that approximately 10% of the applicants and borrowers required to provide information under this information collection docket will travel to the agency office. Most requests will come from lenders or financial institutions. Therefore the Agency estimates the travel time to be 1,200 hours.

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; or (3) closing agents or title companies.

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 lender and applicant have 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.

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 lenders still prefer going to the agency office to obtain forms and information on how to apply for loans and servicing than obtaining forms and information from the internet.

Therefore, the agency estimates that less than one percent of responses will be provided through the internet.

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

Information collected through this regulation duplicates some of that required of other Agency procedures. 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 or borrower; however, financial information that is collected at another time may be dated and not useful for the specific action being considered. Also, lenders are permitted to use their own forms to the maximum extent possible. The information collections pertain primarily to the securing and documenting decisions regarding FSA guaranteed farm loans. Various program areas within FSA share data; however, information collections established in this regulation would typically not be available from another agency. Therefore, the potential to share data is limited.

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

The Agency has made every effort to minimize burden on small businesses and other small entities. The Agency only requires the information collections when necessary to act on an applicant's or borrower's request for guaranteed loan assistance; therefore, it is unable to further reduce the frequency of the collections. Collections are limited to those that are essential in determining that loan applicants meet statutory requirements and have adequate repayment ability and security for the requested loan. 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 and to protect the government's interest. If the information were not collected, or collected less frequently, the Agency would be unable to meet the congressionally mandated mission of the guaranteed loan program.

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 reporting more frequently than quarterly.
- b. Requiring written responses in less than 30 days. There are no information 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. Lenders are expected to retain records of loan transactions for at least the life of the loan. This is necessary to provide documentation in the event of a loss claim. It is standard business practice for a financial institution to keep loan records for the life of the loan in a customer file.
- e. Not 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 a 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.

The notice was published on May 10, 2010 (75 FR 25833) requesting for public comments on the information collection. No comments were received on the paperwork burden estimates.

This is a revision of the information collections required by 7 CFR 762. The information requested is standard throughout the credit industry and the Agency has the expertise to make the required determinations. However, the estimate is based on the experience and expertise of the national experts on FSA Farm loans and agricultural lending. Also, the Agency consults with its borrowers, representatives of private lending institutions, Agency and other USDA employees, representatives of the Farm Credit Administration and employees of the legislative branch on a frequent basis as part of ongoing program administration, national oversight and national internal reviews.

The Agency has contacted the following individuals to obtain their views on this collection. They responded to questions used to develop and verify information required on the Reporting and Recordkeeping Requirements (FSA 85-1) in this collection.

- 1) Bruce Weaver
Ag Choice Farm Credit ACA & FCCA
900 Bent Creek Blvd.
Mechanicsburg, Pennsylvania 17050
Telephone: 814-793-3793
Email: Bweaver@agchoice.com
- 2) Michael Jorgensen
President
Nebraska State Bank
Post Office Box 260
Oshkosh, Nebraska 69154
Telephone: 308-772-3234
Email: Mjorgensen@fsaloans.net
- 3) Owen Smith
AgSouth Farm Credit, ACA
40 South Main Street
Post Office Box 718
Statesboro, GA 30459-0718
Telephone: 864-585-6234 Ext. 6731
Email: Osmith@agsouthfc.com
- 4) Allen Risinger
BB&T
309 Columbia Avenue
Lexington, SC 29072
Telephone: 803-359-1618
Email: jrisinger@bbandt.com
- 5) Ray Sheaffer
Farm Loan Specialist
Pennsylvania State FSA Office
One Credit Union Place, #320
Harrisburg, PA 17110-2994
Telephone: 717-237-2136
Email: Raymond.sheafferjr.@pa.usda.gov
- 6) Larry Rogers
Farm Loan Specialist
South Carolina State FSA Office
1927 Thurmond Mall, Suite 100
Columbia, SC 29201-2375
Telephone: 803-806-3842
Email: Larry.rogers@sc.usda.gov

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 respondents and the basis for the assurance in statute, regulation, or Agency policy.

No assurance of confidentiality is provided. Requests for information received by the Agency will be handled in accordance with the provisions of the Freedom of Information Act and the Privacy 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.

The information collected is of a financial nature. As a condition of the receipt of program assistance, respondents must provide total disclosure of income data, debts and assets, and history of business dealings that may be considered sensitive. Respondents interviewed indicated no problems or concerns with providing the information requested on this collection. They understand the necessity due to the nature of the assistance and realize this is standard practice when requesting credit assistance. Disclosure is governed by the Privacy Act.

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.....	15,520
Reports Filed Per Person.....	16.7
Total Annual Responses.....	253,652
Total Annual Burden Hours.....	256,107
Average Burden Per Collection.....	60.6 Minutes
Per Respondent.....	16.8 Hours

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

Respondent’s Cost Per Hour – Applicants (Farmers).....	\$21.00
- Lenders.....	\$31.00
Total Annual Respondent Cost – Applicants (Farmers)...(6781 Hours).....	\$ 142,401

- Lenders.....(249,326 Hours).....\$7,729,116
- Total.....\$7,871,517

The respondents are commercial banks, the Farm Credit System, farmers and ranchers. The Agency estimates the number of respondents to be 12,200 loan applicants and 3,000 lenders annually.

Respondent cost per hour was derived by using U.S. Bureau of Labor Statistics Occupational Employment and Wages, May 2009, Table 11-9012-**Farmers and Ranchers**. The U.S. mean household income, as measured by the Bureau of Labor is \$42,710 annually or \$20.53 hourly. (Rounded to \$21.00)

Respondent cost per hour was derived by using U.S. Bureau of Labor Statistics Occupational Employment and Wages, May 2009, Table 13-2072-**Loan Officers**. The U.S. mean for loan officer’s income, as measured by the Bureau of Labor is \$63,210 annually or \$30.39 hourly. (Rounded to \$31.00)

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

There are no burden costs on respondents for capital, start-up, total operation, maintenance or purchase of services other than what is usual and customary for normal business operations.

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

The estimated annualized cost to the Federal Government is: \$7,585,000

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>

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

There is a program change increase of 3,270 burden hours and 720 responses due to adding a new form FSA-2254-A “Guarantee Report Loss-Report Types 1,2,5,6, and 7”. Also there is an adjustment of 48,253 burden hours and -52,418 responses due to missing calculations in the burden grid. There is an overall increase in burden from the last approval of 204,584 to 256,107.

**** For more specific reference, see attached FSA-85-1.**

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

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

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

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

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

There are no items in the certification statement to which the Agency can not certify.

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