

2012 SUPPORTING STATEMENT
0572-0097

**7 CFR Part 1703-H, Deferments of Rural Development Utilities Programs
Loan Payments for Rural Development Projects**

This is an extension of a currently approved information collection.

A. Justification

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

The Rural Utilities Service (RUS), an agency delivering the U.S. Department of Agriculture (USDA) Rural Development Utilities Programs, hereinafter referred to as RUS or the Agency, is a credit agency of the USDA. In accordance with subsection (b) of section 12 of the Rural Electrification Act (RE Act) of 1936, as amended (7 U.S.C. 912), a Rural Development electric or telephone borrower may defer the payment of principal and interest on any insured or direct loan made under the RE Act and invest the deferred amounts in rural development projects with the following conditions:

- (a) Deferments are to 50 percent of the total cost of the rural development project(s).
- (b) Borrowers may defer debt service payments only in an amount equal to an investment made by the borrower in the rural development project(s).
- (c) Borrowers must make a cushion of credit payment to the Administrator equal to the amount deferred.
- (d) In the case of deferments made to enable a borrower to provide financing to local businesses, the deferment shall be repaid over a period of 60 months, in equal installments, with payments beginning on the date of the deferment.
- (e) In the case of deferments made to enable a borrower to provide community development assistance, technical assistance to businesses, and for other community, business, or economic development projects not mentioned under (d), the deferment shall be repaid over a period of 120 months, in equal installments, with payments beginning on the date of the deferment.

The Deferment program is used to encourage borrowers to invest in and promote rural development and rural job creation projects that are based on sound economic and financial analyses. This program is administered through 7 CFR 1703, subpart H.

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.

The information requirements contained in this collection are collected from applicants who are current Rural Development electric and telephone borrowers. The information is collected and reviewed by the Agency to determine such factors as: (a) eligibility; (b) specific purposes for

which the deferment amount will be utilized; (c) term of the deferment the borrower will receive; (d) cost of the total project and degree of participation in the financing from other sources; (e) verification that the purposes will not violate limitations established in 7 CFR 1703-H; (f) compliance with any applicable State regulatory authority regulations for approval of the borrower's deferment proposal; and (g) that the necessary legal requirements are satisfied.

The specific items to be cleared with the collection are as follows:

Certified board resolution. The borrower must submit a certified board resolution to the Agency requesting a deferment of principal and interest. The resolution must: (1) be signed by the president or vice president of the borrower; (2) contain information on the total amount of deferment requested for each specific project; (3) contain information on the type of project and the length of deferment requested; (4) certify that the proposed project will not violate any limitation of the regulation; and (5) disclose information regarding any potential conflict of interest.

Certification regarding borrower's required investment of deferred payments. The borrower submits to the Agency a certification that the borrower will make an investment in the rural development project in an amount equal to the deferred payment.

Certification regarding supplemental funds. The borrower submits to the Agency a certification that the amount of the deferment will not exceed 50 percent of the total cost of the project.

Certification regarding cushion of payment. The borrower submits to the Agency a certification that the borrower has made or will make the required cushion of credit payment.

Identifying the loan payments to be deferred. The borrower identifies the payments on particular loans to be deferred.

Narrative discussion of proposed rural development project. The narrative describes the manner in which the project promotes community, business, or economic development in rural areas, the nature of the project, its location, the primary beneficiaries, and, if applicable, the number and type of job to be created.

Certification regarding compliance with the RUS regulation on a borrower's investments. The borrower certifies that they will comply with the limitation on investments. Electric borrowers comply with 7 CFR 1717, subpart N, and Telephone borrowers comply with 7 CFR 1744. The borrower must identify each rural development project invested in to date.

State Regulatory Body Approval. If applicable, the borrower provides evidence of the State regulatory body's approval of the deferral and investment in a rural development project.

Rural Development legal documents. The borrower must execute and deliver to the Agency any amendments or supplements to its current loan documents.

Recordkeeping. The borrower is required to maintain records to ensure deferred payments were used to make an investment in a rural development project. The borrower must maintain evidence of disbursements made to the project.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection.

RUS is committed to meeting the requirements of the E-Government Act to promote the use of the Internet and other information technologies to provide increased opportunities for citizen access to Government information and services and for other purposes. This collection is, therefore, developing a method to collect the limited amount of required paperwork would not be cost effective.

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

The requested items such as board resolutions, certifications, narrative, etc., deal with a particular event and does not involve general data collection. The RE Act amendment which provides for this deferment is specifically directed toward current RUS electric and telephone insured and direct loan borrowers. As the requested items are very specific and involve no other Federal Agency, there is no duplication of data collection.

5. If the collection of information impacts small businesses or other small entities (item 5 of OMB Form 83-1), describe any methods used to minimize burden.

RUS believes that the information requested is the minimum necessary to meet statutory requirements with respect to both large and small entities. This collection is normally utilized by electric borrowers and all but 10% of the electric borrowers meet the Small Business Administration criteria for a small business. RUS makes every effort to ensure that the burden on these small entities is the minimum necessary to effectively administer the agency programs. RUS headquarters and field staff remain available for consultation and to assist borrowers in preparing documents.

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.

RUS collects the required information only once and the Agency would be unable to determine eligibility. RUS must determine whether the requested deferment is for a project permitted in the law, whether the required supplemental funds for the project will be provided as required by law, and whether the deferment should be for 5 or 10 years. Without this collection the Agency would not be able to provide the Deferment program to its borrowers.

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

a. Requiring respondents to report information more than quarterly.

There is no requirement to respond more than quarterly.

b. Requiring written responses in less than 30 days.

There is no requirement for a response in less than 30 days.

c. Requiring more than an original and two copies.

There is no requirement for more than an original and two copies.

d. Requiring respondents to retain records for more than 3 years.

The respondent is required to maintain records to document the rural development investment. In most cases, the records are reviewed through CPA audits within 3 years.

e. That is not designed to produce valid and reliable results that can be generalized to the universe of study.

This collection does not involve a survey.

f. Requiring use of statistical sampling which has not been reviewed and approved by OMB.

This collection does not involve statistical sampling.

g. Requiring a pledge of confidentiality.

There is no requirement for a pledge of confidentiality.

h. Requiring submission of proprietary trade secrets.

There is no requirement for submission of proprietary trade secrets.

8. If applicable, identify the date and page number of publication in the Federal Register of the agency's notice soliciting comments on the information collection. Summarize public comments received and describe actions taken by the agency in response to these comments. Describe efforts to consult with persons outside the Agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, reporting format (if any), and on data elements to be recorded, disclosed, or reported.

As required by 5 CFR 1320.8(d), a Notice to request comments was published on May 4, 2012, at 77 FR 26487. No public comments were received.

RUS has had no activity for this collection since September 2006; therefore there are no current respondents to contact for their views on the burden associated with the collection. The Agency is claiming one respondent for this collection in order to keep the collection active.

RUS maintains close contact with borrowers through its General Field Representatives (GFRs), field accountants, and a headquarters staff. GFRs have direct personal contact with the borrowers in connection with the fulfillment of Agency requirements and relay substantive borrower comments to RUS headquarters staff. RUS conducts seminars for borrowers and suggestions and comments are always considered by the Agency.

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

There is no payment or gift to respondents provided.

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

There is no assurance of confidentiality provided.

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

This collection does not contain questions of a sensitive nature.

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

A breakdown of the reporting requirements by section is indicated on the attached spreadsheet. RUS has had no activity under this collection for the past three-year cycle, however, the Agency is requesting clearance for 1 respondent due to the fact that the regulation governing the collection is still active and the option of deferment is still available to RUS borrowers. The following is a summary of this information collection.

Regulation	Number of Respondents	Total Annual Responses	Total Hours
7 CFR 1703-H	1	9	11

The Agency estimates the annual cost to the respondents to comply with this regulation to be \$499.96. The cost is based on an estimate of 1 application under this program annually. The estimated cost to the public has been computed as follows:

Reporting:

Management Staff	\$54.83 X 8 hrs	=	\$438.64
Clerical Support	\$20.44 X 3 hrs	=	<u>\$ 61.33</u>

\$4499.96

Wages are attributed to the cost of an administrative assistant completing the forms and an authorized manager reviewing and signing the necessary forms. Wage costs are from the May 2011 Occupational Employment and Wage Estimates at http://www.bls.gov/oes/oes_dl.htm. National 4-digit NAICS Industry-Specific estimates are used from Wired Telecommunications Carriers (517100). The hourly wage for professional time (Managers, All Other 11-9199) is \$54.83. The hourly wage for administrative (Office and Administrative Support Workers (43-9799) is \$20.44.

13. Provide an estimate of the total annual cost burden to respondents or record-keepers resulting from the collection of information: (a) Total capital and start-up cost component (annualized over its expected useful life); and (b) Total operation and maintenance and purchase of services component.

There are no capital/start-up or operation/maintenance and purchase of services components involved with this collection.

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

The cost to the Federal Government to collect and evaluate this information is estimated to be \$234.66 based on the following calculation:

Professional time	\$48.35 X	4 hours	=	\$193.40
Clerical time	\$20.63 X	2 hours	=	\$ 41.26
Total per application				\$234.66

Professional wage estimated at GS 13, step 5

Clerical wage estimated at GS 6, step 5

15. Explain the reasons for any program changes or adjustments reported in items 13 or 14 of the OMB Form 83-1.

This is an extension of a currently approved collection with no change from previous submission in 2009 other than increases in salary rates.

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

There are no plans to publish results.

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

No such approval is sought.

18. Explain each exception to the certification statement identified in item 19 on OMB 83-1.

There are no exceptions to the certification statement.

B. Collection of Information Employing Statistical Methods.

This collection does not employ statistical sampling