

SUPPORTING STATEMENT
(0572-0074)

RUS Form 675, Certification of Authority

This is an extension of a currently approved information collection package.

A. Justification

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

Rural Utilities Service (RUS), an agency delivering the U.S. Department of Agriculture Rural Development Utilities Programs, hereinafter referred to as Rural Development (RD) or the Agency, is a credit agency of the USDA. RUS makes mortgage loans and loan guarantees to finance electric, telecommunications, and water and waste facilities in rural areas. In addition to providing loans and loan guarantees, one of RD's main objectives is to safeguard loan security until the loan is repaid. Section 2 of the Rural Electrification Act of 1936, as amended (RE Act) (7 U.S.C. 901 et seq.) states that "the Secretary is authorized and empowered to make loans for rural electrification and for the purpose of furnishing and improving electric and telephone service in rural areas..." Section 4 and 201 provide that "Loans under this section shall not be made unless the Secretary finds and certifies that in his judgment the security therefore is reasonably adequate and such loan will be repaid within the time agreed." Accordingly, RD manages loan programs in accordance with the RE Act and as prescribed by Office of Management and Budget (OMB) Circular A-129, Policies for Federal Credit Programs and Non-Tax Receivables, which states that agencies must, based on a review of a loan application determine that an applicant complies with statutory, regulatory, and administrative eligibility requirements for loan assistance.

A major factor in managing loan programs is controlling the advancement of funds. One reason to control funds is so that the actual borrowers get their money. The use of Form 675 allows this control to be achieved by providing a list of authorized signatures against which signatures requesting funds are compared. The OMB, in Circulars A-123, Management Accountability and Control, and A-127, Financial Management Systems, requires assets to be safeguarded against waste, loss, unauthorized use, and misappropriation. Form 675 provides an effective control against the unauthorized release of funds by providing a means whereby borrowers provide the Agency with the original signatures of the officials who are legally authorized to sign documents. OMB's guidelines for Management Accountability and Control state that information should be maintained on current basis and cash should be protected from unauthorized use. Form 675 enables the Agency to comply with these requirements. Form 675 allows borrowers to keep RUS up-to-date of any changes in signature authority and assists in ensuring control over the release of funds only to authorized borrower representatives.

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.

Borrowers are organized under State law and operate pursuant to the Uniform Commercial Code. Only an officer of the corporation or an agent authorized by the board of directors can request an advance of funds. Form 675 is used to ensure only authorized representatives of the borrower sign the lending requisition form. The borrower fills in the borrower name and name and title of authorized representatives. The authorized representatives provide their signatures on the form. The form is submitted to RUS and resubmitted only when there is a change in signature authority. When RUS receives a request for loan advance, the requisition signature is compared to the list of authorized signatures on the Form 675. If the signature is an authorized signature, loan funds are advanced.

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 complying with 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. Currently, RUS Form 675 is available as a fillable pdf on the agency website. As this form validates “wet” signatures for other transactions, at this time an electronic solution is not feasible.

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.

There is no duplication of effort because the Form 675 information is specific to each borrower and requires original signatures of borrower authorized officials to be submitted in hard copy. The information is not available in any other format or from any other source.

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.

Telecommunication borrowers are members of the “wired telecommunications carriers” (NAICS 517110) industry. The SBA size standard for this industry is 1500 employees. All approximately 635 telecommunications borrowers have less than 1500 employees and accordingly are considered SBA small businesses. Out of approximately 665 electric borrowers, all but 10% meet the Small Business Administration criteria for a small business. RUS has made every effort to ensure that the burden on these small entities is the minimum necessary to effectively administer the agency programs.

The information collection is in a format designed to minimize the paperwork on small businesses and other small entities. The information collected is the minimum needed by RD to identify legally authorized borrower officials and their signatures. The Agency believes the information requested is the minimum necessary for the Agency to meet statutory requirements with respect to both large and small entities. The Agency headquarters and field staff are 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.

Without a list of current, authorized signatures, RD would not know whether the request for a loan advance was legitimate and the potential for waste, loss, unauthorized use, and misappropriation would be increased. The form is submitted by new borrowers or when there is a change in signature authority by an existing RD borrower; therefore, it could not be submitted less frequently or reduced accountability and control would result.

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.

There is no such requirement.

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 public comments was published on July 11, 2012 at 77 FR 40847. No comments were received. A copy of the Notice is attached.

The following individuals have been consulted to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, etc:

Kim Head
Cumberland Electric Membership Corporation
P.O. Box 3300
Clarksville, TN 37043-3300
931-645-2481

The borrower stated they found the information they need readily available. The borrower stated they had no difficulty in following directions regarding the completion of the form.

Chris Hopp
Manager
PO Box 1008
923 Humphrey St
Elkader IA 52043
(563) 245-4480
chris@alpine-communications.net

Mr. Hopp indicated that for the “Certificate of Authority” the information is readily available, there is no significant burden, the instructions are clear and useful, there is no concern about disclosure. Mr. Hopp reported there are no formatting problems, and that an estimate of 0.1 hour for completion is appropriate.

Arturo G. Macias
Manager
P. O. Box 320
106 W. First Street
Udall, KS 67146
(620) 782-3341

Mr. Macias indicated that for the “Certificate of Authority” the information is readily available, there is no significant burden, the instructions are clear and useful, there is no concern about disclosure, there are no formatting problems, and that an estimate of 0.1 hour for completion is appropriate.

In addition to the individuals listed above, the Agency periodically reviews procedures to determine if any paperwork requirements can be eliminated without lessening the Government’s security of the Agency’s loans portfolio. Agency staffs, including General Field Representatives (GFRs), Field Accountants (FAs) and headquarters staff often discuss paperwork requirement issues with our borrowers, national trade organizations, and supplemental lenders at various meetings, conferences, etc. RUS GFRs and FAs have direct personal contact with borrowers in connection with their responsibilities in fulfillment of RD requirements, including filling out the Form 675.

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

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

Payments or gifts are not provided to respondents.

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

The information collection does not require confidentiality. Information submitted to RD by borrowers is covered by the provisions of the Freedom of Information Act (5 U.S.C. 552).

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.

There are no questions of a sensitive nature.

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

RD requires all active rural electric and telecommunication borrowers to complete the Form 675 each time there is a change in personnel authorized to sign for advancement of loan funds. There are about 1,350 electric and telecommunications borrowers. Public reporting burden for this collection of information is estimated to average 6 minutes per response. The information collection consists of 250 responses and a total burden of 25.0 hours. This information is based on prior experience. The hour burden and cost to respondents is summarized as follows:

No. of Respondents	No. of Responses per Respondent	Total Responses	Hours Per Response	Total Annual Burden
250	1	250	.10	25.0

Cost to Respondents:

Professional	250 responses X .02 X \$54.83 = \$	274.15
Clerical	250 responses X .08 X \$20.44 = \$	<u>408.80</u>
Total		\$ 682.95

Costs are attributed to a clerical position of the borrower's operation completing the form and an authorized manager signing the form. The wage figures used is 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. The table (spreadsheet) is nat4d_M2011_dl.xlsx from the zip file oesm11in4.zip. The industry used is Wired Telecommunications Carriers (517100). For 'professional' time an hourly wage of \$54.83 for 'Managers, All Other (11-9199)' is

used. For 'Clerical' time an hourly wage of \$20.44 for 'Office and Administrative Support Workers, All Other (43-9799)' is used.

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

(a) Total capital and start-up cost component (annualized over its expected useful life); and

There are no capital and/or start-up costs components associated with this collection.

(b) Total operation and maintenance and purchase of services component.

There are no operation and maintenance and/or purchase of services component associated with this collection.

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

The cost to the Federal government is estimated as \$560.80 based on the following:

Clerical 250 responses X .08 minutes X \$28.04/hr = \$560.80

A clerical position (GS 9, step 5) will process the form when it is received by RUS.

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 information collection. The cost burden (dollars) has increased due to increased per hour wage estimates.

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

There are no plans for publication.

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.

The agency is not requesting an exception to display the expiration date.

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

There are no exceptions.

B. Collection of Information Employing Statistical Methods.

This information collection does not employ statistical methods.