October 5, 2010

United States Department of Agriculture

Farm Service Agency

Supporting Statement

OMB Number 0560-New

7 CFR 763, “Land Contract Guarantee Program”

**Background**

This document supports the information collection requirements of the proposed rule to be published as part of the Farm Service Agency’s initiative to implement provisions under the Food Conservation and Energy Act of 2008 (Farm Bill). Section 310 F of the Consolidated Farm and Rural Development Act (Public Law 110-246) authorizes the Secretary to establish a permanent Land Contract Guarantee Program that will provide guarantees of loans made by private sellers of a farm or ranch on a land contract sales basis.

To comply with the 2008 Farm Bill, the Agency will incorporate new provisions that include:

* Making the program available in all 50 states.
* Extend eligibility to include non-beginning and socially disadvantaged farmers.
* Provide seller the option of “Prompt Payment” guarantee or a “Standard” guarantee.
* Prompt Payment guarantee of three years amortized annual installments plus the amount of three years real estate taxes and hazard insurance premiums.
* Standard guarantee of 90 percent of outstanding principle on the land contract.
* Establish new program requirements under new CFR part 763.
* Incorporate new instructions into internal handbooks used by State and County Offices.
* Further, as required by the Departmental guidance and Freedom to E-File Act, Agency handbooks and forms must be made available in electronic format.

The collected information is needed to evaluate an applicant’s eligibility, determine the feasibility of the proposed operation, and the adequacy of the security being offered. As published under the previous NOFA, loans under this program will be “guaranteed;” however, unlike FSA’s regular guaranteed loan program, there is no lender to ensure that loans meet acceptable underwriting standards. The Act specifically requires that loans under the Land Contract Guarantee Program meet “applicable underwriting criteria.”

Loans made under the Land Contract Guarantee Program will be funded using the Guaranteed Farm Ownership (FO) loan allocation, and funds will be available for each State.

As provided in question 8, the agency consulted with sellers, buyers, third parties including escrow agents, attorneys, as well as agency employees. Further, the agency made concerted effort to accurately assess the burden it imposes on sellers, buyers (applicant) and third parties. Therefore, the information collections included in this submission, include respondents that will be required to provide information through the use of the Land Contract Pilot program.

The information collection instruments will be included in this submission are in the proposed stage because:

* The agency needs to obtain OMB’s approval of new information collection and be assigned a new control number.
* The rule, which this document supports, is in the proposed rule stage

# Justification

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

The Agency is implementing a new Land Contract Guarantee Program.

The Consolidated Farm and Rural Development Act (CONACT), as amended by Section 5005 of the Food Conservation and Energy Act of 2008 (2008 Farm Bill), Public Law 110-246: June 18, 2008, authorized the Secretary of Agriculture to guarantee loans made by a private seller of a farm to qualified beginning or socially disadvantaged farmer on a land contract sales basis and expand the program nationwide. A copy of Section 310 F of the Act is included with this submission. The information collection is necessary to comply with the legislative mandate.

**2.** **Indicate how, by whom and for what purpose the information is to be used.**

Under the proposed Land Contract Guarantee Program provisions, the seller may request either a Prompt Payment Guarantee or Standard Guarantee.

Information is submitted by the seller and buyer to the local FSA office serving the county in which their business is headquartered. Since there will be no lender involved with the new program, the information is necessary to thoroughly evaluate each request for land contract guarantee and is used by agency officials to:

* Ensure the applicant meets the program eligibility requirements.
* Ensure cash flow projections used in determining loan repayment are based on the actual production history of the operation.
* Ensure all parties understand the Agency’s policies under the Prompt Payment Guarantee or Standard Guarantee.
* Ensure that payments are submitted timely and any defaults are promptly reported by the escrow agent or servicing agent to FSA.
* Ensure that security property being purchased by buyer is being maintained.
* Ensure that the buyer and seller are performing in accordance with the contract guarantee.

FSA has developed five forms that are unique to the Land Contract Guarantee Program. The information collection requirements established in 7 CFR Part 763 are described below. Additional information collection that are approved under other existing OMB packages are addressed on form FSA 85-1 “Reporting and Recordkeeping Requirements”

### Form FSA-2680 “Land Contract Letter of Interest” (New)

### 7 CFR 763.7 (a)

### FSA-2680 is required by the Agency to document the seller’s interest in guarantee. The form provides information regarding each type of guarantee the seller may request. The two types of guarantees are “Prompt Payment” and “Standard” guarantee, with a box for the seller to check and indicate the type of FSA guarantee request. The form includes additional information, notifications, self certifications and acknowledgements, environmental questions, and conditions of guarantee. The seller selects the type of guarantee, signs and dates it to document that they understand the program’s benefits and wish to pursue the guarantee.

### Each seller will provide one FSA-2680. This form will be provided to sellers when they express an interest in the Land Contract Guarantee Program. The agency estimates a total of 2 hours for the collection is anticipated and estimates a total of 10 requests will be submitted annually. Of these, the agency estimates that 8 sellers will request the “Prompt Payment” guarantee and 2 sellers will request the “Standard Guarantee”.

### The agency estimates 8 requests for the “Prompt Payment” guarantee will be completed annually. Of those, the agency estimates 7 request will come from individuals and married sellers completing jointly, and one will be from entity seller. Also, the agency estimates two requests for the “Standard” guarantee will be completed annually from individual and married sellers completing jointly, and 1 will be from entity seller.

### Form FSA-2681 “Land Contract Agreement for Prompt Payment Guarantee” (New)

### 7 CFR 763.17 (c)

### FSA-2681 outlines the agreements between seller, buyer and escrow agent. At contract closing, the Agency, seller, buyer, and escrow agent will sign and date this form taking approximately 2 hours each. FSA estimates the form will be executed by a maximum of 8 buyers and 8 sellers, since it is only completed after the guarantee has been approved. FSA-2681 will also be executed a maximum of 8 times by various escrow agents who participate in the Land Contract Guarantee Program. Because this form will be executed by several different parties (buyer, seller, FSA and escrow or servicing agent), it is not expected that it will be made available electronically. Buyers and sellers will execute FSA-2681 in person at their local escrow agent’s office. Note: Buyers and sellers may include individuals, married and entities.

**Form FSA-2682 “Land Contract Agreement for Standard Guarantee” (New)**

**7 CFR 763.17 (c)**

FSA-2682 outlines the agreements between seller, buyer and servicing agent. At contract closing, the Agency, seller, buyer, and escrow agent will sign and date this form taking approximately 2 hours each. The Agency estimates the form will be executed by a maximum of 2 buyers and 2 sellers, since it is only completed after the guarantee has been approved. FSA-2682 will also be executed a maximum of 2 times by the various escrow or servicing agents who participate in the program. Because this form will be executed by several different parties (buyer, seller, FSA and escrow or servicing agent), it is not expected that it will be made available electronically. Buyers and sellers will execute FSA-2682 in person at the agent’s office. Note: Buyers and sellers may include individuals, married and entities.

**Form FSA-2683 “Request for Land Contract Guarantee Assistance” (New)**

**7 CFR 763.7 (b) (1)**

FSA-2683 is a new form created by the Agency specifically for the Land Contract Guarantee Program. This form is used by the buyer/applicant to apply for assistance for the Land Contract Guarantee Program. Information collected on FSA-2683 includes name, address, type and description 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 meet statutory eligibility requirements.

• Determine if the applicant qualifies for funds targeted to socially disadvantaged applicants according to the Act’s provisions.

The application form requires all entity members to provide information about percent of ownership in the entity, citizenship, marital status, ethnicity, race, gender, as well as read the certifications provided above and sign the form.

The Agency estimates the buyer/applicant spends approximately 30 minutes (.50) hours completing and signing this form and 1 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. Therefore, the form will take between 30 minutes to 1 hour to complete.

The Agency estimates 10 new applications will be submitted each year. Of these, it is estimated that 9 of the requests will be from individual applicants and married applicants applying jointly, and 1 request will be from entity applicants.

**Form FSA-2684 “Land Contract Recapture Agreement” (New)**

**7 CFR 763.20(b)(2)(ii)(B)**

FSA-2684 is used to provide for the agreement between FSA and the seller upon the payment of a loss claim under the “Standard” guarantee for future recapture of the real estate value appreciation. This agreement requires the Agency to collect from the seller the value increase in the property if the land is sold before the expiration of the 5-year period of this agreement. The Agency estimate one liquidation will occur annually requiring 15 minutes for the seller to review and sign this form.

**The following information summarizes the information collections included in 7 CFR, for which approval has been obtained or requested under the OMB Control Numbers for other CFR parts/OMB Control Numbers.**

|  |  |  |
| --- | --- | --- |
| **CFR Citation** | **Description** | **Approved Under** |
| **763.7(b)(2)(iv)** | **Copy Business Entity** **Organizational Information (Charter)** | **0560-0237** |
|  **763.7 (b)(6)** | **FSA-2302**, **Description of Farm Training and Experience** | **0560-0237** |
| **763.7 (b)(7) 763.18 (b)(6)** | **FSA-2002 Three Year Financial History** | **0560-0237** |
| **763.6 (b)(8) 763.18 (b)(6)** | **FSA-2003 Three Year Production History** | **0560-0237** |
|  **763.7** | **FSA-2004, Authorization to Release Information** | **0560-0237** |
|  **763.7** | **FSA-2005, Creditor List** | **0560-0237** |
|  **763.7 (b)(9)** | **FSA-2014, Verification of Income** | **0560-0237** |
|  **763.7 (b)(10)** | **FSA-2015**, **Verification of Debts and Assets** | **0560-0237** |
| **763.7(b)(2)****763.7(b)(3)(ii)****763.7(b)93)(iii)** | **FSA-2037 Farm Business Plan (Financial Statement)** | **0560-0238** |
| **763.7(b)(5)** | **FSA-2037 Farm Business Plan (Income and Expense)****Farm Operating Plan** | **0560-0238** |
| **763.7 (b)(7)** | **Copies of tax returns**  | **0560-0238** |
| **763.18 (a)(10)****763.18 (b)(7)** | **FSA-2241 Guaranteed Loan Status Report** | **0560-0155** |
| **763.20** | **FSA-2029D Deed of Trust and FSA-2029M – Mortgage** | **0560-0237** |
| **763.21** | **FSA-2026 Promissory Note** | **0560-0237** |
| **763.21** | **FSA-2028 Security Agreement** | **0560-0237** |
|  |  |  |

**Non-Forms**

**Copy of Insurance-Seller**

**7 CFR 763.15 (a), 763.18 (a)(4), 763.17 (b)(4)**

Prior to loan closing, the seller must provide copies of property insurance, 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. The Agency needs the information to properly complete FSA-2681 or FSA-2682. It is estimated that 10 buyer/applicants will submit a copy of property insurance policy. Further, the agency estimates it will take 15 minutes to provide the appropriate copy.

Each year, the seller is required to provide proof to the Servicing Agent or FSA of hazard insurance coverage on the property being purchased by the buyer. It is estimated that 10 sellers will submit proof of insurance coverage and it is estimated it will take 15 minutes to provide a copy of the appropriate documentation.

**Copy of Real Estate Taxes (Seller and Agent)**

# 7 CFR 763.15(a), 763.18 (a)(4), 763.18 (b)(4)

# Prior to loan closing, the seller must provide copies of real estate taxes, as appropriate, covering loan security. Copy of the applicable real estate taxes is necessary to ensure the properly complete FSA-2681 or FSA-2682. It is estimated that 10 buyer/applicants will submit a copy of property insurance policy and the agency estimates it will take 15 minutes to provide the appropriate copy.

Each year, the seller is required to provide proof to the Servicing Agent or FSA of hazard insurance coverage on the property being purchased by the buyer. It is estimated that 10 sellers will submit proof of insurance coverage and it is estimated it will take 15 minutes to provide a copy of the appropriate documentation

**Copy of the Land Contract**

**7 CFR 763.7 (b)(13)**

Buyers/applicant must provide the Agency with a copy of the proposed land contract. As part of a complete application, the buyer/applicant must submit a copy of the legal description of the property to be purchased. The legal description of the property to be purchased is needed for the agency to obtain the appraisal if needed and the agency expects the legal description will be part of the land contract. The agency estimates that 10 applications will be completed annually and one report for the buyer and seller and it will take an average of 15 minutes to respond.

**Additional Information:**

**7 CFR 763.7 (b)(2)(v), 763.7(b)(14)**

The proposed rule includes requirement for a complete loan application that permits the agency to request any additional information needed to effectively evaluate the land contract application. The requirement is needed as it is impossible to list all potential information that would be needed from each and every buyer/applicant. In most cases, this will be limited to providing the agency with a copy of documents, such as a divorce decree, information pertaining to child support or alimony paid or received, or copy of driver’s license or other documents if required under State law. Collection of information under this requirement will be limited to only those items that potentially impact the buyers/applicants cash flow projections or are needed to ensure the agency obtains a legally enforceable lien on the proposed loan security. It is estimated that 5 applicants will spend 15 minutes each providing copies of the appropriate documentation to the agency.

**Copy of Agents Bonding Information**

**7 CFR 763.11(c)(1), 763.11(c)(2),**

Escrow or servicing agents for land contract guarantee program loans have to be bonded 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 will require agents to provide evidence of being a bonded title insurance company, attorney, financial institution or fiscally responsible institution and must be approved by the agency. The agency estimates that 10 agents will be provide copies of the required documentation annually and it will take 15 minutes per response.

**Annual Inspection and Report**

**7 CFR 763.18 (b)(5)**

The Servicing Agent must notify the Agency of annual inspections performed on the property and buildings once the guarantee has been issued. The Agency estimates two Standard Land Contract Guarantees will be made annually, therefore the agent will inspect the real estate, complete a written report and provide to the agency. It is estimated to take 15 minutes to complete and send notification to the Agency.

**Notice of Payment Due**

**7 CFR 763.18 (a)(5), 763.18 (b)(8)**

Under both the Prompt Payment Guarantee and the Standard Land Contract Guarantee, the escrow and servicing agents will send a notice of payment due to the buyer at least 30 days prior to the installment due date if an annual payment. It is estimated that 10 notices will be sent each year and it will take the agent 20 minutes to prepare and send to the buyer.

**Copy of Demand for Defaulted Payment Notice**

**7 CFR 763.20 (a)(1), 763.20 (b)(8)**

If the buyer fails to pay a scheduled installment timely, the Escrow or Servicing Agent provides a copy to the Agency of the notice sent to the buyer demanding the defaulted payment within 30 days. The Agency estimates that one defaulted payment will occur each year. The estimated time required for an agent to provide written evidence of the requested information is 15 minutes .25 hours.

**Demand for Agency Payment**

**7 CFR 763.20 (a)(2). 763.20 (b)(1)**

This can be a short written request in letter form. Under the Prompt Payment Land Contract Guarantee, the Escrow Agent is required to request payment from FSA for a delinquent Prompt Payment Land Contract installment, past due real estate taxes, or a past due Hazard Insurance Premium. The Agency estimates that 1 request for payment will be submitted annually. The estimated time to submit this request is 15 minutes per request.

**Inform Agency of Liquidation-Agent**

**7 CFR 763.20 (b)(2)**

If the default is not cured under the Standard Land Contract Guarantee the Servicing Agent will notify FSA within 60 days of the option chosen by the seller to establish the loss; either by sale or appraised value method. It is estimated this will occur 1 time and the estimated time required for an agent to provide written evidence of the requested information is 15 minutes.

**Liquidation Plan – Standard Land Contract Guarantee**

**7 CFR 763.20 (b)(2)(i)(A)**

If the default cannot be cured within 60 days and the seller has chosen the liquidation method to resolve the default under the Standard Land Contract Guarantee, the servicing agent must submit a written liquidation plan to the Agency and proceed with liquidation of collateral. The Agency estimates that liquidation will occur on one case per year. The estimated time required for a lender to provide the requested information is 6 hours. This includes advertising, showing, and maintaining the property through local sales agents and/or auctioneers and completing all documents involved in the marketing, sale, and transfer process.

**Inform Agency of Final Loss Claim – Standard Land Contract Guarantee**

**7 CFR 763.20(b)(2)(i)(D) & 763.20 (b)(2)(ii)**

After an incurable default by the buyer and final loss amount will be calculated once the servicing agent and FSA complete processing and return the appraisal or liquidation option. The Servicing Agent will notify FSA immediately after final calculation of the appraisal method or final liquidation activities occur and must submit a complete loan ledger with a formal request for approval of the final loss claim. No form is required. The Agency estimates that a Final Loss Claim will occur on 1 case per year and the estimated time required for an agent to calculate loss and provide written evidence of the requested information is 1 hour.

**Form FSA-2241 Guaranteed Loan Status Report**

**7 CFR 763.18 (a)(10) and 763.18 (b)(6)**

This form is used by Escrow Agents and Servicing Agents. It is used to update the status of each buyer’s land contract status and to keep data for all guaranteed land contracts up to date in FSA accounting records. The Agent will submit the appropriate guaranteed loan status reports as of March 31 and September 30 of each year. Therefore, this form will be required approximately 20 times annually with each requiring approximately 20 minutes 0.33 hours preparing and submitting. The form is approved under OMB Number 0560-0155.

**Travel Time:**

The agency estimates that applicants (buyer and seller) required to provide information under this information collection docket will travel twice, once to the agency office complete the application process and a second time to the closing agent’s office to complete loan closing. Therefore, the agency estimates 10 applications annually and this information collection docket imposes on the respondents two hours of travel time.

**10 applications (seller and buyer = 20 respondents x 2 hours for total of 40 hours).**

**Note:** There is no travel time imposed on closing agents or title companies.

**3. Use of information technology.**

As required by the Government Paper Elimination Act (GPEA) customers will have the option of completing and filing forms electronically. 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 seller and buyer/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 sellers, buyers/ 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, sellers and buyers/applicants with established Level 2 accounts may provide non-form information collections as any kind of non-executable attachments, such as PDF, doc, xls, or text formats.

Even though forms are available on the e-Gov forms website, public input on this information collection package indicated that very few buyers/applicants utilize this option. The information required from applicants/buyers 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/buyers reside in rural areas, which often do not have access to high speed internet connection. Moreover, sellers and buyer/applicants 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.

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, FSA customers still prefer going to the agency office to obtain forms and information on how to apply for loans 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.**

The proposed rule incorporates new CFR part 763, which pertains to the Land Contract Guarantee Program. Much of the burden established in this regulation is required under the provisions of the 2008 Farm Bill which mandates specific actions be taken when making land contract 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 buyer/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 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 small entities. The Agency only requires collection of information when necessary to act on a buyer/applicant request for guaranteed loan 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. Consequences if information collection was less frequent.**

The Agency relies on current information to carry out the business of the program as intended with proposed rule. Failure to collect information will result in insufficient data necessary to properly administer Land Contract Guarantee Program.

**7. Special Circumstances.**

a. Requiring respondents to report information more than quarterly. There are no information collection requirements that require reporting on more than a quarterly basis.

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. Not utilizing statistical sampling. There are no such requirements.

f. Requiring use of statistical sampling which has not been reviewed and approved by OMB. There are no such requirements.

g. Requiring a pledge of confidentiality. FSA will handle all information received as confidential. There will be no publication or other public release of information contained on individual data.

h. Requiring submission of proprietary 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. Federal Register notices, summarization of comments and consultation with persons outside the agency.**

This is a new information collection request. The proposed rule has been published for Land Contract Guarantee Program on September 23, 2010 (75 FR 57866-57880) but the information collection activity for the program has not been included in the Paperwork Reduction Act section. FSA is currently underway to publish a correction notice on the Land Contract Guarantee Program information collection request in the Federal Register in the next few days.

FSA regularly consults with several persons inside and outside of the Government who are familiar with its programs concerning its forms and information collection requirements. FSA received two land contracts during the initial pilot period. For this information collection the Agency contacted FSA personnel, commercial lenders and borrowers who were involved with the land contracts under the pilot program. FSA has consulted with the following individuals concerning this collection:

Oregon Borrower:

White Water Farms, Inc.

Dale and Candace Evers

14735 NW Sellers Road

Post Office Box 517

Banks, OR 97106-0517

Phone: (503) 324-9301

Cell: (503) 348-0464

Contract Seller:

Joseph (Joe) and Beverly Evers

2745 NW McKibbon Road

Forest Grove, OR 97116

Phone: (503) 324-7332

Seller's Attorney

(Author of Land Sale Contract Documents):

Robert J. Ireland, Esquire

9003 NW Highway 47

Post Office Box 273

Banks, OR 97106

Phone: (503) 324-1500

Escrow Agent: Susan Kingsley

Santiam Escrow, Inc.

216 E. Virginia Street,

Post Office Box 511

Stayton, OR 97383

Phone: (503) 769-6444

Wisconsin

Customer: Craig and Kailey Raese

Phone: (715)-267-6816

Seller: Walk Digoski – deceased.

Power of Attorney for Seller: Bruce Sautebin

Phone: (715)-267-7249

FSA FLO:  Julie Rassmussen 715-743-3164

**9. Explain any decision to provide any payment or gift to respondents.**

Respondents will not receive payment, gift or remuneration for their responses.

**10. Confidentiality provided to respondents.**

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. Questions of sensitive nature.**

## 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 evaluate the request for guarantee.

Some loan applicants may consider their loss information to be sensitive information. However, the loss certification is necessary for the Agency to determine eligibility and to calculate the applicant=s loss due to MRLS. FSA will be unable to approve a loan without the requested information.

**12. Provide estimate of the hour burden of the collection of information.**

The Estimate of the hour burden of the information of collections is as follows:

Total number of Unduplicated Respondents……………………...60

Reports filed Per Person…………………………………………..2.4

Total Annual Responses…………………………………………..143

Total Annual Burden Hours…(includes 40 hrs travel time)………158

Average Burden per Collection…………(158/60)x60 min.….66.2 Minutes

 per Respondent ………(158/60)…..……….2.63 Hours

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

Respondents Cost per Hour Buyer-Seller…………………$24.00

 Business-Agent....…………...$31.00

Total Annual Respondent Cost Buyers-Seller ($24.00 x 117 ) $2810.00

 Business-Agent ($31.00 x 41 ) $1270.00

 158 $4080.00

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, (Rounded to $24.00).

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 officers income, as measured by the Bureau of Labor is $63,540 annually or $30.55 hourly, (Rounded to $31.00).

The proposed rule will govern the processing of loan guarantees made under the Land Contract Guarantee Program and requires these collections. The agency estimates a maximum of 10 loans will be made each fiscal year under the Guarantee Land Contract Program. The number of applicants was arrived at comparing the number of loans made during the pilot period (two), in nine states and multiplying the percentage by 50 (states).

**13. Total annual cost burden to respondents or recordkeepers.**

The regulations and associated information collection place no cost burden cost respondents for capital, start-up cost, operation, maintenance, or the purchase of services.

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

**Summary of annualized cost to the Federal Government:**

The estimated annualized cost to the Federal Government is: $12,000.00 (320 hrs. x $37.00)

Agency employees review information provided by sellers, buyers/applicants and third parties and make eligibility and feasibility determinations. The agency estimates that its employees spend 320 hours reviewing and processing the collections included in this docket.

(32 hours per application for making and servicing)

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. Reason for changes in burden.**

The Agency is publishing a proposed rule that will implement provisions of the 2008 Farm Bill. After final publication, a new CFR part 763 will be added to 7 CFR Chapter VII. Therefore, the agency is requesting that a new OMB Control Number be assigned to this information collection.

**16. Tabulation, analysis, and publication plans.**

There are no plans to publish the results of the information collected and no public disclosure of the information is anticipated.

**17. Reason display of expiration date of OMB approval is inappropriate.**

While FSA forms will be made available electronically at [www.sc.egov.usda.gov/](http://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 increases printing costs for the Agency and results in the need to revise forms posted to the website.

**18. Exceptions to 83-1 certification statement.**

There are no exceptions to this certification statement.

**19. How is this information collection related to the Customer Service Center?**

This information is collected through the Service Center. The collection is required from the public for use by Service Center employees who assist the public in gathering and completing required loan documents. FSA State Office personnel will then analyze the information for eligibility and feasibility determinations and processing and closing FSA loans.