

**SUPPORTING STATEMENT**

OMB Control No. **0572 – 0041**

**Request for Release of Lien and/or Approval of Sale  
RUS Form 793**

**A. Justification**

**a. Circumstances that make this collection of information necessary.**

The Rural Utilities Service (RUS) is a credit agency of the U.S. Department of Agriculture (USDA). It makes mortgage loans and loan guarantees to finance electric, telecommunications, and water and waste facilities in rural areas. RUS manages loan programs in accordance with the Rural Electrification Act of 1936, 7 U.S.C. 901 *et seq.*, as amended (RE Act). Section 201 of the RE Act provides that loan shall not be made unless RUS finds and certifies that the security for the loan is reasonably adequate and that the loans will be repaid within the time agreed. In addition to providing loans and loan guarantees, one of RUS's main objectives is to safeguard loan security until the loan is repaid. This objective is in accordance with OMB Circular No. 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, and should follow sound financial practices in the administration of credit programs and also protect the value of the Government's assets.

All current and future capital assets of RUS borrowers are ordinarily mortgaged or pledged to the Federal Government as security for RUS loans. Assets include tangible and intangible utility plant, non-utility property, construction in progress, and materials, supplies, and equipment normally used in a telephone system. Section 7 of the RE Act of 1936, as amended, and the various security instruments, e.g. the RUS mortgage, limit the rights of an RUS borrower to dispose of its capital assets. RUS policy on sales of capital assets requires that the sale meet several requirements including the following: 1) the selling price should be greater than or equal to fair market value; 2) the system will be operational after sale; and 3) the sale shall not jeopardize repayment of the RUS loan. The RUS Form 793, "Request for Release of Lien and/or Approval of Sale," allows RUS to maintain an up-to-date list of assets available for loan security. The collected information can also be used to satisfy OMB recommendations for "well-managed collateral requirements" to reduce the risk of default and potential losses (OMB Circular A-129).

**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.**

A borrower's assets provide the security for a Government loan. The selling of assets reduces the security and increases the risk of loss to the Government. RUS Form 793 allows the telecommunications program borrower to seek agency permission to sell some of its assets. The form collects detailed information regarding the proposed sale of a portion of the borrower's system. RUS telecommunications borrowers fill out the RUS Form 793 to request RUS approval in order to sell capital assets. Specifics to the sale of capital assets, including the use of RUS Form 793 and submission of supporting documentation are covered in RUS Bulletin 415-1, "Sale of Property by Telephone Borrowers."

The first part of the form is basically descriptive and includes the name and address of the seller and purchaser, original cost of the asset, closing date of the sale, source of funds, description of the property, reason for sale, selling price, and the disposition or use of proceeds from the sale. RUS uses the information on the form to determine whether or not the agency should approve the sale. The agency also uses this information to keep track of what property still exists to secure the loan. The borrower's current assets are used in calculating the risk or default in repaying the loan to the Government. The RUS Form 793 information is also used by the borrower to request a release of RUS' lien on the particular asset.

At the bottom of the form is the space for an authorized signature of the borrower certifying that: (1) the sale price is not less than the fair-market price; (2) the sale will not jeopardize the loan repayment; and, (3) the system will continue to be a satisfactory operating unit.

A proposed sale of assets must first be approved by the borrower's directors or shareholders. The borrower then fills in the RUS Form 793 and submits the original and two copies with original signatures. Two certified copies of the board resolution must also be submitted with the RUS Form 793. Usually a lien is involved, so the borrower must then file a 2-3 page formal release of lien. Under certain circumstances, e.g., sale of assets to a board member, an appraisal is required. The agency reviews the forms and decides whether to approve the sale. The related forms are stored with the borrower's other loan documents for a particular loan. All accompanying loan documentation is kept by RUS for the life of the loan, which is generally no more than 35 years.

**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. The Form 793 has been kept to one page and is available on the agency website in Adobe PDF format printable for use by borrowers.

**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 data contained on the Form 793 are specific, not only for each borrower, but also for each case, e.g. property description, sale price, date of sale. A form is completed only once for the proposed sale of a particular asset. Therefore, there is no similar information available nor are borrowers required to submit duplicate information under other collections.

**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 telecommunication carriers” (NAICS 517110) industry. The SBA size standard for this industry is 1,500 employees. All telecommunications borrowers are considered SBA small business as they have less than 1,500 employees.

The RUS Form 793 has been kept to one page and the information to be collected is in a format designed to minimize the paperwork on small businesses and other small entities. The information requested is unique to each borrower and is the minimum required to protect the Government’s security on the loans made to borrowers. RUS is continually reviewing the information collected to determine what reductions are possible.

**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 Form 793 is completed once for the proposed sale of a particular asset. If this information were not collected at the time of the proposed sale of a borrower’s capital assets, the assets securing the Government’s loans could be liquidated and the security for the outstanding loans would disappear resulting in increased risk to the Government. In the event of default, the Government could lose its money.

**7. Explain any special circumstances that would cause an information collection to be conducted other than those specified in 5 CFR 1320.5(d)(2).**

**a. Requiring respondents to report information more than quarterly.**

There are no requirements to report more than quarterly.

**b. Requiring written responses in less than 30 days.**

There are no requirements to respond in less than 30 days.

**c. Requiring more than an original and two copies.**

There are no requirements for more than an original and two copies.

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

There are no requirements for the respondent to retain records for more than 3 years.

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

This collection is not a survey.

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

There is no requirement for statistical sampling.

**g. Requiring a pledge of confidentiality.**

There is no pledge of confidentiality required.

**h. Requiring submission on 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 60-day Notice to request comments was published on December 26, 2012, vol 77, No. 247, page 75970. One comment was received. No response was sent in reply to the comment as it was a general opinion about the agency and did not address the specific topic of the Paperwork ICP (request for release of lien).

RUS maintains close contact with borrowers through RUS general field representatives (GFR), field accountants, and a headquarters staff. GFRs have direct personal contact with the borrower in connection with the fulfillment of RUS requirements, including filling out the RUS Form 793. GFRs pass on any substantive comments to the headquarters staff. Borrowers may consult with GFRs, field accountants, and the headquarters staff at any time regarding comments or suggestions on procedures, forms, regulations, etc. Consultations take place on an individual basis, by telephone, e-mail, regular mail, fax, and at various meetings and conferences attended jointly by RUS staff and borrowers. 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.

RUS works closely with lending institutions such as the Rural Telephone Finance Cooperative, and CoBank, a part of the Farm Credit System, which provide supplemental loan funds to borrowers. RUS also works closely with national and/or statewide associations representing RUS telecommunications program borrowers such as: National Rural Telecom Association; National Telephone Cooperative Association, United States Telecom Association; Western Telecommunications Alliance; and Organization for the Promotion and Advancement of Small Telecommunications Companies; among others. RUS works closely with various Federal agencies including the National Association of Regulatory Utility Commissions, Department of Justice, Treasury Department, and others as appropriate. In addition, RUS works with various State regulatory agencies.

RUS also has a website containing general information about the agency, specific information about the three major programs (electric, telecommunications, and water and waste) administered by the agency; a directory of various program staff and how to communicate with them; many agency regulations, forms, and bulletins; and, links to other relevant sites.

The Agency spoke by telephone with three telecom loan respondents:

Company	Range Telephone Cooperative, Inc.
Contact Name	Mr. Robin Stephens
Title	CEO
Address	P.O. Box 127
Street Address	2325 E. Front Street
City, State, Zip	Forsyth, MT 59327-0127
Phone	406-347-2858
Toll Free	800-927-2643
Email	<a href="mailto:rob@rangetel.coop">rob@rangetel.coop</a>

Company Hancock Rural Telephone Corporation  
Contact Name Kim Gerard  
Title Legal & Regulatory Administrator  
Address 2331 E. 600 North  
City, State, Zip Greenfield, IN 46140-9087  
Phone 317-326-3131  
Email [thills@teamhancock.com](mailto:thills@teamhancock.com)

Company 3 Rivers Telephone Cooperative, Inc.  
Contact Name Mr. Bradley Veirs  
Title Chief Financial Officer  
Address P.O. Box 429  
Street Address 202 Fifth Street S.  
City, State, Zip Fairfield, MT 59436-0429  
Phone 406-467-2535

Each of the three respondents was familiar with the process of gathering information and completing Form 793 prior to sale of capital assets. In each case, respondents stated that the information was readily available. The total time that respondents devoted to the action was estimated at 2-3 hours. Respondents offered no suggestions for improvement to the information collection.

**9. Payment of gifts to respondents.**

Payments or gifts are not provided to respondents.

**10. Assurance of confidentiality.**

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

**11. Questions of a sensitive nature.**

The information collection includes no questions of a sensitive nature.

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

RUS receives approximately 40 responses annually. RUS program staff, based on experience, provided the estimates for the number of responses and the time for the borrower to complete and process the RUS Form 793. The RUS Form 793 is submitted along with the board resolution and release of lien.

Legal time is required for the borrower to fill out the release of lien. Professional time includes the time to review the RUS Form 793. Clerical time includes the time for typing, notarizing, copying, mailing, and filing. The rates of \$77.43 hour for legal time, \$54.83 per hour for professional time, and \$20.44 an hour for clerical time are assumed for the calculations. The preparation of the release of lien by the borrower is being included in the calculations for cost and time. It is not an agency form although it does impose a burden.

The public reporting burden for this collection of information is estimated to average a total of 2.75 hours. The information collection represents 110 burden hours per year.

<u>Number Of Respondents</u>	<u>Number of Responses/ Respondent</u>	<u>Total Annual Responses</u>	<u>Hours per Response</u>	<u>Total Hours</u>
40	1	40	2.75	110

Total cost to respondents is illustrated in the table below:

Category	No. Responses	No. Hours	Wage and Benefits	Cost
Legal	40	1.50	\$100.19	\$6,011.40
Professional	40	.75	\$70.95	\$2,128.50
Clerical	40	.50	\$26.45	\$529.00
Total Cost to Respondents				\$8,668.90

The wage rates utilized are National 4-digit NAICS Industry-Specific estimates for Wired Telecommunications Carriers (517100) located at [http://www.bls.gov/oes/current/naics4\\_517100.htm#23-0000](http://www.bls.gov/oes/current/naics4_517100.htm#23-0000) For calculating legal time, an hourly wage of \$77.43 for Lawyers (23-1011) is used. 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. Historical data provided by the Bureau of Labor Statistics, Employer Costs for Employee Compensation Supplemental Tables Historical Data December 2006-September 2012 for calculating benefits as a percentage of total compensation for Private trade, transportation, and utilities industry workers indicates that employer costs for total benefits was 29.4% of total hourly compensation. See, <http://www.bls.gov/ncs/ect/sp/ecsuhst.pdf>, Page 91.

13. Provide an estimate of burden of 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 and start-costs or operation and maintenance costs associated with the collection.

14. Annualized cost to the Federal Government.

RUS estimates the annualized cost to the Federal Government is \$4,721.30.

The table below displays the estimated cost to the government based upon an hourly salary of \$40.66 an hour for a GS-12 Step 5 federal employee (Professional) and an hourly salary of \$20.63 for a GS-6 Step 5 federal employee (Clerical). The total hourly wage was calculated multiplying the hourly rates by 36.25% to account for a fringe benefit cost factor for total hourly wages of \$55.40 for a GS-12 Step 5 federal employee and \$28.11 for a GS-6 Step 5 federal employee. Estimates are based upon current research and prior experience with this collection.

	Hours	Wage/Cost <sup>1</sup>	Responses	Total
Professional GS-12/5	1.75	\$55.40	40	\$3,878.00
Clerical GS-6/5	.75	\$28.11	40	\$843.30
				\$4,721.30

15. Change in burden

This is a request for extension of a currently approved collection and there is no change in hourly burden.

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

The results of this collection of information are not intended 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 exemption to not display the OMB expiration date.

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

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<sup>1</sup> This cost represents OPM salary rate and 36.25% fringe benefit cost factor in accordance with OMB Memorandum M-08 13.



This information collection includes no exceptions to Item 19.

B. Collection of Information Employing Statistical Methods.

This information collection does not employ statistical methods.