

2012 SUPPORTING STATEMENT

Paperwork Reduction Act Submission for
Renewable Energy Systems and Energy Efficiency Improvements under the
Rural Energy for America Program
Extension of Currently Approved Information Collection
OMB Control #0570-0050

A. Justification

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

The collection of this information is required pursuant to the passing of the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill), which established the Rural Energy for America Program (REAP) under Title IX, Section 9007. An interim rule was published in the Federal Register on April 14, 2011, combining renewable energy system (RES) and energy efficiency improvement (EEI) grants and guaranteed loans, RES feasibility study grants, and energy audits (EA) and renewable energy development assistance (REDA) grants into a single subpart, 7 CFR 4280, subpart B, to comprise the REAP. The collection of information was approved as three separate packages under the following OMB control numbers: 0570-0050, 0570-0059, and 0570-0061). The OMB control number 0570-0050 package for RES and EEI needs to be renewed.

REAP is designed to help agricultural producers and rural small business reduce energy cost and consumption, develop new income streams, and help meet the Nation's critical energy needs by requiring the Secretary of Agriculture to provide grants and/or guaranteed loans for several types of projects. USDA provides funding to agricultural producers and rural small businesses to purchase renewable energy systems and make energy efficiency improvements through grants, loan guarantees, and grants and loan guarantees (combined funding).

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

Agricultural producers and rural small businesses that wish to apply for a RES/EEI grant or guaranteed loan have to submit applications with specified forms, certifications, and agreements to the Agency. This information will be used to determine applicant eligibility, to determine project eligibility, project technical merit, and to ensure that grantees/borrowers operate on a sound basis and use funds for authorized purposes.

GRANTS

REPORTING REQUIREMENTS – NO FORMS

Appeals

The applicant, borrower, lender, or holder may appeal any adverse Agency decision. Only applicants may appeal adverse decisions on the grant application. The Agency record is submitted, which includes all materials maintained by the Agency used during the decision making process. A hearing takes place, in which the Agency and the appellant present their case and the appeal officer make a determination based on the facts provided. Appeals are handled in accordance with Departmental appeal regulations.

DUNS

Unless exempt under 2 CFR § 25.110, the grantee must provide its Dun and Bradstreet Data Universal Numbering System (DUNS) number in the application it submits to the Agency,

System for Award Management (SAM) Number and Reporting for applications.

Unless exempt under 2 CFR § 25.110, the grantee must be registered in the SAM system prior to submitting an application which is confirmed by the Agency, and

Maintenance for System for Award Management (SAM) Number and Reporting for applications.

Unless exempt under 2 CFR § 25.110, the grantee must maintain an active SAM registration with current information at all times during which it has an active Federal award or an application under consideration by the Agency. Prior to disbursement of any funds, the Agency verifies the SAM is current.

Certification for contracts, grants, and loans required by 7 CFR 3018.110 if grant exceeds \$100,000

7 CFR 3018.110 imposes prohibitions and requirements for disclosure and certification related to lobbying on recipients of Federal contracts, grants, cooperative agreements, and loans.

Association or Relationship with Rural Development Employees

The applicant must identify whether or not they have a known relationship or association with an Agency employee. If there is a known relationship, the applicant must identify each Agency employee with whom the applicant has a known relationship.

Application

The Agency has defined two application processes based upon total project cost – full applications for projects with a total project cost of greater than \$200,000 and simplified applications for projects with a total project cost of \$200,000 or less. Except as otherwise noted, all applications contain the following information.

1. Table of Contents - A detailed Table of Contents containing page numbers for each component of the application.
2. Application narrative - An application narrative that includes:
 - a. Title of the project.
 - b. A description of how they meet the definition of an eligible applicant.
 - c. How the project meets the criteria for an eligible project.
 - d. A description of their total farm/ranch/business operation and the relationship of the proposed project to the applicant's total farm/ranch/business operation and a description of the ownership of the applicant, including a list of individuals and/or entities with ownership interest, names of any corporate parents, affiliates, and subsidiaries, as well as a description of the relationship including products between these entities.

- e. Financial information for size determination. For rural small businesses, the applicant must provide sufficient information to determine total annual receipts for and number of employees of the business and any parent, subsidiary, or affiliates at other locations. Voluntarily providing tax returns is one means of satisfying this requirement. The information provided must be sufficient for the Agency to make a determination of business size as defined by the Small Business Administration. For agricultural producers, the applicant must provide the gross market value of your agricultural products, gross agricultural income, and gross non-farm income of the applicant for the calendar year preceding the year in which you submit your application.
3. Financial information - For full applications only, financial information is required on the total operation of the agricultural producer/rural small business and its parent, subsidiary, or affiliates at other locations. The applicant must provide historical financial statements prepared in accordance with Generally Accepted Accounting Practices (GAAP) for the past 3 years, including income statements and balance sheets. If agricultural producers are unable to present this information in accordance with GAAP, they may instead present financial information for the past years in the format that is generally required by commercial agriculture lenders. Applicant must provide a current balance sheet and income statement prepared in accordance with GAAP and dated within 90 days of the application. In addition, applicants must provide pro forma balance sheet at startup of the agricultural producer's/rural small business' business that reflects the use of the loan proceeds or grant award; and 3 additional years, indicating the necessary start-up capital, operating capital, and short-term credit; and projected cash flow and income statements for 3 years supported by a list of assumptions showing the basis for the projections.
4. Self score - Applicants submit a self-score of the project using the evaluation criteria in § 4280.120, including appropriate calculations and attached documentation, or specific cross-references to information elsewhere in the application.
5. Technical Reports - Applicants must submit a technical report that conforms to Appendix A in the rule for EEI projects and Appendix A, C, or D, as applicable, for RES projects with total project costs of \$200,000 or less. For projects with total project costs of greater than \$200,000, all applicants must submit a technical report that conforms to Appendix B, C, or D, as applicable, for RES projects and with Appendix B for EEI projects.
6. Energy audit or assessments - All applications for EEI projects with total eligible project costs greater than \$50,000 must provide an energy audit. For EEI projects with total eligible project costs of \$50,000 or less, either an energy assessment or energy audit must be submitted.
7. Feasibility study - A feasibility study prepared by a qualified consultant will be required for all RES projects that exceed \$200,000. The business-level feasibility study must include an evaluation of the market, financial, economic, technical, and management feasibility of the proposed project in accordance with Appendix D. This study must also include an opinion and a recommendation by the qualified consultant. EEI projects do not require a feasibility study to be completed.

Insurance

National flood insurance in accordance with 7 CFR part 1806, subpart B, and, except for projects with total eligible project costs of \$200,000 or less, business interruption insurance appropriate to the grantee's particular business and circumstances are required.

Grantee Requirements

Evidence of Matching Funds

Either with the application or before obligation of funds, the applicant must provide written commitment of matching funds from each source.

Programmatic Changes

The grantee must obtain prior Agency approval for any change to the costs, scope, or contractor or vendor of the approved project. Failure to obtain prior approval of any such change could result in suspension, termination, and recovery of grant funds. Requests for changes must be submitted in writing to the Agency.

Transfers

Prior to the construction of the project, the grantee may request in writing a transfer of obligation to a different (substitute) grantee. After the construction of the project, the grantee may request in writing a transfer of the grant agreement to another entity. Subject to Agency approval provided in writing, an obligation of funds established for a grantee may be transferred to a substitute entity under certain circumstances.

Disposition Instructions for Acquired Property

Grantees must abide by the disposition requirements outlined in Departmental regulations.

Power Purchase Agreement

Where applicable and unless otherwise approved by the Agency, grantees are required to provide the Agency with a copy of the executed power purchase agreement within 12 months of grant approval.

Project Performance Reports

Grantees will be required to submit a project performance report on a semiannual basis. The report will compare actual accomplishments to objectives, provide explanations if objectives are not obtained, and outline ways to correct problem situations. It will also outline objectives and timetables for the next reporting period.

Final Project Performance

The final project development report must be submitted 90 days after project completion and include a detailed project funding and expense summary and a summary of the project's installation/construction process, including recommendations for development of similar projects by future applicants to the program.

Outcome Project Performance Reports

Once the project has been constructed, the grantee must provide the Agency periodic reports.

For RES projects, commencing the first full calendar year after the project construction was

completed an Outcome Project Performance Report is submitted annually for 3 full years. The grantee must provide the type of technology; actual annual amount of energy generated in BTUs, kilowatt-hours, or similar energy equivalents; annual income for systems that are selling energy, if applicable, and/or energy savings of the renewable energy system; a summary of the cost of operations and maintaining; a description of any associated major maintenance or operational problems; recommendations for development of future similar projects; and the actual number of jobs created or saved as a result of the REAP funding.

For EEI projects, commencing the first full calendar year after the project construction was completed an Outcome Project Performance Report is submitted annually for 2 full years. The grantee must provide a report detailing (including calculations and any assumptions) the actual amount of energy saved annually as determined by the difference between the annual amount of energy used by the project with the project in place and the annual average amount of energy used for the 36-month period prior to application submittal as reported in the application; and the actual number of jobs created or saved as a result of the REAP funding.

REPORTING REQUIREMENTS – FORMS APPROVED WITH THIS DOCKET

Form RD 4280-2, “Rural Business and Cooperative Service Grant Agreement.” RBS and the grantee at grant closing execute the grant agreement. This document outlines the responsibilities of the grantee. This document is necessary to ensure grant funds are used only for the purposes and activities specifically approved.

Form AD-1049, “Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - For Grantees Other Than Individuals” This form identifies the items that the grantee must certify to in order to carry out a drug-free workplace.

Form AD-1047, “Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions” or other written documentation. This form certifies that the applicant is not presently debarred, suspended, or voluntarily excluded from covered transactions by any Federal department or agency.

Form AD-1048, “Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions” or other written documentation. This form certifies that lower tier participants are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation by any Federal department or agency.

REPORTING REQUIREMENTS - FORMS APPROVED UNDER OTHER OMB NUMBERS

SF-424, "Application for Federal Assistance" (OMB No. 4040-0004). This is the standard application required to be executed for all Federal grant programs. It is the required face sheet for applications for Federal grant funding.

SF-424C, “Budget Information – Construction Programs” (OMB No. 4040-0008). This is the standard form used by applicants to break down the line item budget costs in detail.

SF-424D, “Assurances – Construction Programs” (OMB No. 4040-0009). This is the standard form signed by applicants to provide assurances that they will meet certain requirements of OMB Circular A-102.

SF-425, “Federal Financial Report” (OMB No. 4040-0014). This is the standard form used to confirm that funds are being spent in conformity with the budget and work plan.

SF-LLL, “Disclosure of Lobbying Activities” (OMB No. 4040-0013). Grantees who are awarded grants over \$100,000 and/or lobby are required to complete this form.

SF-271, “Outlay and Request for Reimbursement for Construction Programs” (OMB No. 4040-0011). This is the standard form used by the grantee to request advances or reimbursement of cash outlays.

Form RD 1940-20, “Request for Environmental Information” (OMB No. 0575-0094). This form requests, from the applicant, environmental information regarding the elements of its application. This information is, in turn, used by Rural Development to complete an environmental assessment of the application.

RD 1942-46, “Letter of Intent to Meet Conditions” (OMB No. 0570-0062). This form indicates an applicant’s acceptance of conditions found in the letter of conditions. The form also allows the applicant to propose alternative conditions.

Form 1940-1, “Request for Obligation of Funds” (OMB No. 0570-0062). This form is completed for each note or commitment requiring an obligation of funds.

Form RD 400-1, “Equal Opportunity Agreement” (OMB No. 0575-0018). All applicants and recipients are required to complete this form to comply with Equal Opportunity requirements.

Form RD 400-4, “Assurance Agreement” (OMB No. 0575-0018). All applicants and recipients are required to complete this form to comply with Civil Rights Acts and laws.

RD 400-6, “Compliance Statement” (OMB No. 0575-0018).

This form is used to reveal whether the bidder or prospective Contractor is in default with respect to Compliance reports required under any previously covered contract or subject to the “Affirmative Action Program” and to provide for certification regarding the maintenance or use of non- segregated facilities.

RD 1924-9, “Certificate of Contractor's Release” (OMB No. 0575-0042).

This form is used by contractors to certify that payment has been made in full for all material and labor used in the performance of this contract and to release the borrower from any claims which might arise by virtue of the contract.

RD 1924-10, “Release by Claimants” (OMB No. 0575-0042).

This form is prepared by the grantee/borrower in connection with work performed under the contract method when a surety bond is not used.

RD 1924-6, “Construction Contract” (OMB No. 0575-0042). This form is prepared by an applicant, builder, architect, or engineer to set forth specific conditions and terms of a construction contract. The applicant and builder must sign the form indicating their commitment to fulfill their responsibilities described in the agreement. The collection of information for the form is a normal business practice.

GUARANTEED LOANS

The reporting requirements in this section identify those reporting requirements specific to the guaranteed loans, including the loan portion of a combined funding request for RES and EEI projects. Requirements common to both the grant portion and the guaranteed loan portion (e.g., application narrative, technical reports) for combo requests are covered under the RES/EEI grant discussion above.

REPORTING REQUIREMENTS - NO FORMS

Appeals

The applicant, borrower, lender, or holder may appeal any adverse Agency decision. The Agency record is submitted, which includes all materials maintained by the Agency used during the decision making process. A hearing takes place, in which the Agency and the appellant present their case and the appeal officer make a determination based on the facts provided. Appeals are handled in accordance with Departmental appeal regulations.

DUNS

Unless exempt under 2 CFR § 25.110, the grantee must provide its Dun and Bradstreet Data Universal Numbering System (DUNS) number in the application it submits to the Agency,

System for Award Management (SAM) Number and Reporting for applications.

Unless exempt under 2 CFR § 25.110, the grantee must be registered in the SAM system prior to submitting an application which is confirmed by the Agency, and

Maintenance for System for Award Management (SAM) Number and Reporting for applications.

Unless exempt under 2 CFR § 25.110, the grantee must maintain an active SAM registration with current information at all times during which it has an active Federal award or an application under consideration by the Agency. Prior to disbursement of any funds, the Agency verifies the SAM is current.

Application Requirements

The application requirements presented below are those associated with the guaranteed loans, including requirements for combined funding request.

The applicant provides the same information in a guaranteed loan application shown earlier for Grants under “Application.” In addition, the following would be included:

1. Technical report (loan only requests) - Applicants must submit a technical report that conforms to Appendix A in the rule for EEI projects and Appendix A, C, or D, as applicable, for RES projects with total project costs of \$200,000 or less. For projects

with total project costs of greater than \$200,000, all applicants must submit a technical report that conforms to Appendix B, C, or D, as applicable, for RES projects and with Appendix B for EEI projects.

2. Personal credit reports - Used to evaluate the credit history of the owners as an aid in the credit evaluation completed by the Agency and lender. These are typically required by lenders for non-guaranteed loans.
3. Appraisal reports (loan requests over \$600,000)
The applicant pays for certified appraisers to complete appraisals in accordance with industry standards. Lenders typically require appraisals completed in accordance with industry standard on non-guaranteed loans and they typically require the applicant to pay for them. There may be situations where the Agency requires an appraisal when the lender would not. Appraisals are used to determine the value of borrower assets being offered as collateral to ensure the loan is adequately secured.
4. Commercial credit report - The lender provides a credit report on the business and related firms. They provide aids in making a determination concerning the credit worthiness of the applicant. These reports are typically required by lenders for non-guaranteed loans.
5. Current personal and corporate financial statements of any guarantors - Used to evaluate the financial strength of the owners to determine if they will be able to inject additional resources into the business if needed, thus providing a measure of comfort. These are typically required by lenders for non-guaranteed loans.
6. Financial information (loan only projects with a total project cost of greater than \$200,000) - Financial information is required on the total operation of the agricultural producer/rural small business and its parent, subsidiary, or affiliates at other locations. The applicant must provide historical financial statements prepared in accordance with GAAP for the past 3 years, including income statements and balance sheets. If agricultural producers are unable to present this information in accordance with GAAP, they may instead present financial information for the past years in the format that is generally required by commercial agriculture lenders. Applicant must provide a current balance sheet and income statement prepared in accordance with GAAP and dated within 90 days of the application. In addition, applicants must provide pro forma balance sheet at startup of the agricultural producer's/rural small business' business that reflects the use of the loan proceeds or grant award; and 3 additional years, indicating the necessary start-up capital, operating capital, and short-term credit; and projected cash flow and income statements for 3 years supported by a list of assumptions showing the basis for the projections.
7. Feasibility study (loan only requests) - A feasibility study prepared by a qualified consultant will be required for all RES projects that exceed \$200,000. The business-level feasibility study must include an evaluation of the market, financial, economic, technical, and management feasibility of the proposed project in accordance with Appendix D. This study must also include an opinion and a recommendation by the qualified consultant. EEI projects do not require a feasibility study to be completed.

8. Lender's analysis - The lender prepares a complete comprehensive credit analysis that is the lender's justification for making the loan. The Agency relies on this analysis as a basis for approving the request. In most cases, the lender would prepare a loan analysis for its internal loan committee, but possibly not as comprehensive as required by the Agency.
9. Lender certification - A certification by the lender that indicates the borrower is eligible, the loan is for authorized purposes, and there is reasonable assurance of repayment ability based on the borrower's history, projections and equity, and the collateral to be obtained. The lender would not prepare this if it were not required by the Agency.
10. Proposed Loan Agreement - An agreement between the lender and the borrower establishing conditions for the loan such as collateral, repayment schedule, loan purpose, and other conditions. They are a general lender practice for all commercial loans. The Agency reviews the proposed document to aid in its loan analysis. Always required by lenders for non-guaranteed loans, but the Agency may require more covenants than the lender would typically require.

Outcome Project Performance Reports (loan only requests)

Once the project has been constructed, the grantee must provide the Agency periodic reports.

For RES projects, commencing the first full calendar year after the project construction was completed an Outcome Project Performance Report is submitted annually for 3 full years. The grantee must provide the type of technology; actual annual amount of energy generated in BTUs, kilowatt-hours, or similar energy equivalents; annual income for systems that are selling energy, if applicable, and/or energy savings of the renewable energy system; a summary of the cost of operations and maintaining; a description of any associated major maintenance or operational problems; recommendations for development of future similar projects; and the actual number of jobs created or saved as a result of the REAP funding.

For EEI projects, commencing the first full calendar year after the project construction was completed an Outcome Project Performance Report is submitted annually for 2 full years. The grantee must provide a report detailing (including calculations and any assumptions) the actual amount of energy saved annually as determined by the difference between the annual amount of energy used by the project with the project in place and the annual average amount of energy used for the 36-month period prior to application submittal as reported in the application; and the actual number of jobs created or saved as a result of the REAP funding.

Repurchase from the holder

When a loan defaults, the holder makes demand for repurchase. A lender has the option to repurchase the unpaid guaranteed portion of the loan from a holder. If the lender does not repurchase the loan, the Agency will. The holder's demand will include documentation and the amount due. If the lender does not repurchase the loan, the lender will provide the Agency with information necessary for the Agency to determine the amount due.

Replacement of Document

When a Loan Note Guarantee is lost, stolen, destroyed, mutilated, or defaced by the lender or

holder, the Agency will replace it when the lender provides the Agency with documentation and an indemnity bond.

Interest Rate Change

A change in the interest rate between the date of issuance of the Conditional Commitment and before the issuance of the Loan Note Guarantee must be requested by the lender and approved by the Agency in writing. The potential effect on project feasibility must be reviewed by the Agency.

Planning and performing development for lender

The lender must ensure that construction of projects will be completed with available funds. The lender must also monitor the construction to ensure the project is completed in accordance with the plans and specifications and keep the Agency informed. Lenders typically do most of this for non-guaranteed loans. However, some Federal laws do not apply to loans without Federal involvement and the lender would not have to provide reports to the Agency for non-guaranteed loans.

Transfer of lender

When the applicant or lender desires to change lenders prior to issuance of the guarantee, the Agency needs information to determine if the applicant is still eligible and the new proposed lender is eligible and capable of making and servicing the proposed loan.

Changes in borrower

When there is a change in the applicant's ownership or organization prior to the issuance of the guarantee, information is needed to determine if the applicant is still eligible for program assistance.

Conditions precedent to issuance of Loan Note Guarantee

This is the final check prior to issuance of the guarantee. It is a comprehensive certification from the lender that the borrower meets all requirements of the Conditional Commitment and other program requirements.

Issuance of Loan Note Guarantee

The lender advises the Agency when it is ready for closing and provides the Agency with the comprehensive certification required by the paragraph just above.

Refusal to issue Loan Note Guarantee

If the very unusual case where the Agency determines it cannot issue the guarantee, it will provide the lender with the reasons. The lender may provide documentation to satisfy the Agency objections.

Loan Classification

Within 90 days of receipt of the Loan Note Guarantee, the lender must notify the Agency of the loan's classification or rating under its regulatory standards. Should the classification be changed at a future time, the lender must notify the Agency immediately.

Agency and Lender Conference

The lender will meet with the Agency at the Agency's request to ascertain how the guaranteed

loan is being serviced and ensure that conditions and covenants of the Loan Agreement and Conditional Commitment are being enforced. The Agency will meet with each lender at least annually. Because lenders typically have more than one guaranteed borrower, multiple borrowers are discussed at a single visit.

Quarterly Financial Reports

The lender must obtain the financial statements required by the Loan Agreement, and these statements must be forwarded to the Agency. It is common practice within the banking industry for the lender to require a borrower; regardless of whether there is a Loan Note Guarantee, to provide periodic financial statements. Normally, lenders require a newer borrower to provide financial statements quarterly, as well as an annual financial statement. Established borrowers submit only annual statements. The burden computation has been adjusted to reflect instances over and above the usual customary practice by the lender in which additional financial statements will be required by the Agency. Basically, it is the time spent completing the abbreviated financial analysis to Agency requirements, and submitting it to the Agency.

Annual Financial Reports

The lender is expected to fully analyze the annual financial statements for each borrower and provide the Agency with a written analysis and conclusions, including spreadsheets and ratio trend analyses that compare year-to-year historical financial information and also compare the borrower to industry standards for similar businesses. The lender's written analysis should include the borrower's strengths, weaknesses, extraordinary transactions, term loan agreement violations, and other indications of the financial condition of the borrower. Most lenders would complete the financial analysis, even if it were not guaranteed.

The lender must submit the annual financial statements to the Agency along with its spreadsheets and written analysis within 120 days of the end of the borrower fiscal year. This requirement is necessary for the lender and the Agency to service the loan and monitor the borrower's financial condition.

Borrower Visits

The Agency will meet with each borrower during the first year after the Loan Note Guarantee is issued, and every 3 years thereafter, and more often if the account is delinquent or a problem. The lender is encouraged to participate in the visit. During the visit, a review of the collateral and the borrower's operation is made.

Interest Rate Adjustments

The lender is responsible for the legal documentation of interest rate changes by an endorsement or any other legally effective amendment to the promissory note. The Agency must be notified in writing of all interest rate changes. The Government's financial interest must not be adversely affected by any reduction in the interest rate.

When the change is simply a change in rate in a variable rate note, the Agency is typically advised by simple notation on Form RD 1980-41 or RD 1980-44. The burden associated with the forms is addressed separately in this package.

Release of Collateral

All releases must be based on a complete analysis of the proposal. The lender must submit

written documentation to the Agency to justify releases of collateral that exceed 20 percent of the loan amount, prior to the release being made. This is to ensure that the loan will remain adequately secured.

Subordination of Lien Position

A subordination of the lender's lien position must be requested in writing by the lender and concurred by the Agency in writing in advance of the subordination. The subordination must enhance the borrower's business, and the Agency's interest in and lien position on the collateral, after subordination, must be adequate to secure the loan.

Alterations of Loan Instruments

Alterations to any loan instrument must be approved in writing by the Agency. A request by the lender for approval to loan instrument changes must be supported by and an explanation of the reason for the proposed changes.

Loan transfer and Assumption

All transfers and assumptions must be approved in writing by the Agency and generally must be made to eligible borrowers. In all cases, the lender must make a complete credit analysis, subject to Agency review and approval. In addition, the lender will provide to the Agency a written certification that the transfer and assumption is valid, enforceable, and complies with all Agency regulations. A request by the lender for approval of new loan terms must be supported by an explanation of the reasons for the proposed change in loan terms.

Credit Reports

An individual credit report must be provided for transferee proprietors, partners, officers, directors, and stockholders with 20 percent or more interest in the business. This information gives the loan officer a history of past credit payments on the transferee and aids the loan officer in making a determination as to the credit worthiness of the transferee.

Appraisal Reports

In a transfer and assumption, the transferor, including any guarantor, may be released from liability on the loan only with prior Agency approval and only when the value of the collateral being transferred is at least equal to the amount of the loan being assumed. A current appraisal is needed to make such a determination.

Substitution of Lender

After the issuance of the Loan Note Guarantee, the lender shall neither sell nor transfer the entire loan to a new lender without the prior written approval of the Agency. The substitution of lender is requested in writing by the borrower and the proposed substitute lender if the original lender is still in existence. The new lender must agree in writing to acquire title to the non-guaranteed portion of the loan held by the original lender and assume all original loan requirements.

Default by Borrower

If a monetary default exceeds 60 days, the lender will arrange a meeting with the Agency and the borrower to resolve the problem.

Curative Actions

The primary curative actions include: payment deferment, reamortization, rescheduling,

reorganization, and moratoriums.

Protective Advances

Protective advances are advances made by the lender to preserve and protect the collateral. They must constitute as indebtedness of the borrower to the lender and be secured by the security instruments. The lender needs the Agency's written authorization when cumulative protective advances exceed \$5,000.

Liquidation Plan

If the lender concludes that liquidation is necessary, it must request the Agency's concurrence. Within 30 days after a decision to liquidate, the lender will submit to the Agency its proposed written detailed method of liquidation. Upon approval by the Agency of the liquidation plan, the lender will conduct the liquidation (as it would for any non-guaranteed loan). If significant changes to the plan become necessary, the lender must request Agency concurrence to alter the plan.

Acceleration

The lender (or the Agency, at its option, decides to take over servicing and liquidating of the account) will proceed to accelerate the indebtedness as expeditiously as possible when acceleration is necessary, including giving any notices and taking any other legal actions required. A copy of the acceleration notice or other acceleration documents will be sent to the Agency. The guaranteed loan will be considered in liquidation once the loan has been accelerated and a demand for payment has been made upon the borrower.

Accounting and Reports

When the lender conducts liquidation, it will account for all funds during the period of liquidation, and will provide the Agency with reports at least quarterly on the progress of liquidation including disposition of collateral, resulting costs, and additional procedures necessary for successful completion of the liquidation.

Termination of Guarantee

A guarantee will be terminated automatically upon the written notice from the lender to the Agency that the guarantee will terminate in 30 days after the date of notice, provided that the lender holds the entire guaranteed portion of the loan.

REPORTING REQUIREMENTS - FORMS APPROVED UNDER THIS DOCKET

In addition to the forms required for the grant portion of a combined funding request, the following forms are required for the guaranteed loan portion of the combined funding request.

Form RD 4279-1, "Application for Loan Guarantee (Business and Industry)" and Form RD 4279-1A, "Application for Loan Guarantee (Business and Industry Short Form-One Doc)"

The information collected on these forms is used by the Agency to determine applicant eligibility for program assistance and to provide financial and other data about the applicant and lender. Form RD 4279-1 contains three parts. The borrower completes part A, the lender completes Part B, and Part C is used by the Agency to evaluate parts A and B and the credit in general. Form RD 4279-1A contains two parts – the borrower completes Part I and the lender completes Part II.

Under REAP, if the guaranteed loan amount is greater than \$600,000, Form RD 4279-1 is used. If the guaranteed loan amount is \$600,000 or less, then Form RD 4279-1A is used.

Form RD 4279-3, “Conditional Commitment.” This form is used by the Agency to provide notice to the lender and lender acceptance that the guarantee request is approved subject to the conditions established by the Agency and listed on the form.

Form RD 4279-4, “Lender’s Agreement.” This form is the signed agreement between the United States Department of Agriculture (USDA) and the lender setting forth the lender’s loan responsibilities. Each lender will execute the form once.

Form RD 4279-6, “Assignment Guarantee Agreement.” This form is the signed agreement between the Agency, lender, and holder, setting forth the terms and conditions of an assignment of all or a portion of the guaranteed portion of a loan.

Form 4279-14, “Unconditional Guarantee.” This form is used to obtain an unconditional guarantee from an individual or corporate entity that owns more than 20 percent interest. This form will replace guarantee forms used by lenders. The Agency is establishing uniformity in obtaining and collecting against guarantees and will treat all guarantors consistently and rectify any ambiguities regarding its ability to refer delinquent debts to the Treasury for collection under the Debt Collection Improvement Act.

REPORTING REQUIREMENTS - FORMS APPROVED UNDER OTHER OMB NUMBERS

Form RD 1940-20, “Request for Environmental Information (loan only requests)” (OMB No. 0575-0094). This form requests, from the applicant, environmental information regarding the elements of its application. This information is, in turn, used by Rural Development to complete an environmental assessment of the application.

Form RD 1980-19, “Guaranteed Loan Closing Report” (OMB No. 0575-0137). The information is used by the Agency to establish the account in its accounting system. The Agency prepares the form. The lender verifies it for accuracy.

Form RD 449-30, “Loan Note Guaranteed Report of Loss” (OMB No. 0575-0137). The Agency requires the lender to use this form to process estimated and final reports of loss on guaranteed loans.

Form RD 1980-41, “Guaranteed Loan Status Report” (OMB No. 0670-0016). The Agency requires the lender to complete this form twice per year, June and December. The lender has the primary records on a guaranteed loan. The Agency uses this information collected from the lenders to determine the status of the guaranteed loan and forecast losses. The information is also used in the completing the Agency financial statements.

Form RD 1980-43, “Lender’s Guaranteed Loan Payment to USDA” (OMB No. 0575-0137). The Agency requires the lender to use of this form to send guaranteed loan payments to the Agency Finance Office on loans repurchased from the secondary market.

Form RD 1980-44, “Guaranteed Loan Borrower Default Status” (OMB No. 0570-0016). The Agency requires the lender to complete this form on all delinquent loans every 2 months. The Agency uses this information to determine the lender’s compliance with the Lender’s Agreement in properly servicing delinquent accounts.

RECORDKEEPING REQUIREMENTS

Grantees are required to keep records in accordance with Department regulations. This includes, but is not limited to, records that identify adequately the source and application of funds for grant-supporting activities, together with documentation to support the records. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income. In addition, the grantee will retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least 3 years after grant closing, except that the records shall be retained beyond the 3-year period if audit findings have not been resolved or if directed by the United States. Microfilm copies may be substituted in lieu of original records. The Agency and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the grantee which are pertinent to the specific grant program for the purpose of making audit, examination, excerpts, and transcripts.

3. Describe any consideration of the use of improved information technology to reduce burden any technical or legal obstacles to reducing burden.

The Agency strongly encourages applicants to submit as much material as possible electronically using www.Grants.gov, which would allow the Agency to retrieve the applications electronically. Further, applicants who receive funding will be required to submit, as applicable, performance reports, the feasibility study, and the annual status reports electronically. However, the Agency will not totally require submission by electronic methods because some applicants may not have the technological expertise for electronic submission or may not have the equipment necessary for high technological information gathering.

4. Describe efforts to identify duplication.

If similar information is found to be available from another Federal agency, every effort is made to utilize that information as is or in an appropriately modified form for this program. In addition, only one application and set of forms and certifications is being requested. There will be no similar or existing information that could be submitted; therefore, there will be no duplication.

5. If the collection of information involves small businesses or other small entities, describe the methods used to minimize the burden.

The information collection required for this initiative places little or nominal burden on small entities beyond that performed in normal business practice. The Agency is using industry-standardized data elements and documents, supplementing them with Government-wide forms that are familiar to many applicants.

6. Describe the consequences to Federal program or policy activities if the collection were conducted less frequently.

The information collected under this program is the minimum necessary to conform to the requirements of the program regulations established by law. Information is collected when needed and cannot be collected less frequently and still meet the requirements of the programs. Failure to collect proper information could result in improper determinations of eligibility or improper use of funds.

7. Explain any special circumstances that require the collection of information to be conducted in a manner:
 - a. Requiring respondents to report information more than quarterly. There are no information requirements that require specific reporting on more than a quarterly basis.
 - b. Requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it. There are no information requirements that require specific reporting in less than 30 days.
 - c. Requiring respondents to submit more than an original and two copies of any document. There are no information requirements that require more than an original and two copies.
 - d. Requiring respondents to retain records for more than 3 years. Retention of financial records, supporting documents, statistical records pertinent to the grant is required for 3 years after final grant disbursement, except when an audit finds the grantee in violation of the grant terms and conditions.
 - e. Not using statistical sampling. There are no such requirements.
 - f. Requiring use of statistical data classification that has not be reviewed and approved by Office of Management and Budget (OMB). There are no such requirements.
 - g. Requiring a pledge of confidentiality that is not supported by authority in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use. There are no such requirements.
 - h. Requiring respondents to submit proprietary trade secrets or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permissible by law. There are no such requirements.
8. Comments on Agency's notice in the Federal Register and efforts to consult with persons outside the Agency to obtain their views on the availability of data, frequency of collection, the clarity of the instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

In accordance with the Paperwork Reduction Act of 1995, the Agency published the 60-day notice in the Federal Register on October 1, 2012, (77 FR 59888), requesting comment on extending the approved information collection for RES and EEI projects under the Rural Energy for America Program interim rule. No comments were received. Under the interim rule, the Agency made the provisions for RES and EEI projects more efficient and clearer in order to encourage participation from all eligible entities. This was accomplished based on the experience obtained since 2005 and through interactions with Rural Development Energy Coordinators who have interacted with the public since 2005 and are knowledgeable of those areas where improvements in the implementation of the program can be achieved.

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

No payments or gifts will be provided to respondents, including no remuneration of contractors or grantees.

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

No assurance of confidentiality is provided to respondents for the information required. When necessary, the Agency will process any and all requests for release of records and information in accordance with the Privacy Act of 1974. However, in some instances, the information collected under the provisions of this program is not considered to be of a confidential nature. For example, organizations, such as not-for-profit entities and public bodies from which information is collected, are ordinarily required to make their activities available for public scrutiny.

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.

The information collected does not contain any questions of a sensitive nature such as sexual behavior, religious beliefs, or other matters commonly considered private.

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

The following table summarizes the 3-year average estimated number of applicants, recipients, and costs for the proposed rule, broken down by the type of financial assistance. The attached spreadsheets provide the specific estimates for each of the financial assistance types.

Parameter	Grants	Loan Guarantees	Grant/Loan Guarantee Combinations	3-Yr Ave Totals
Number of respondents	2,814	15	805	3,634
Total annual responses	68,582	555	40,867	110,004

Number of hours per response	3.71	4.54	2.98	3.44
Total hours	254,318	2,520	121,720	378,558
Cost per hour	\$35.72	\$35.72	\$35.72	\$35.72
Total annual cost	\$9,173,002	\$90,014	\$4,347,833	\$13,610,849

NOTE: The number of respondents represents 2,814 grant only applicants, 805 combo applicants, and 15 guaranteed loan only applicants, for a total of 3,634 “unique” applicants.

13. Provide estimates of annualized cost to the respondents.

There are no capital and start-up costs or operations and maintenance costs associated with this collection.

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

The estimated wage of federal employees compiling the information is \$42 per hour. The estimated cost to the Government is estimated to be approximately \$7.9 million. Administrative costs, which include the cost of promulgating the regulations, publication in the Federal Register, developing and printing the proposed forms, etc, are shown in the breakdown of cost for grants, but include the Administrative costs for the entire REAP program.

The breakdown of cost to the Government is as follows:

Guaranteed Loans	Applicants or Borrowers	Hours	Rate	3- Year Average
Review application and lender's analysis and complete negotiations, site visit and environmental review	820	20	\$42	\$688,800
Review Technical Reports	15	4	\$42	\$2,520
Approve loan and obligate funds	559	8	\$42	\$187,824
Review documents and issue guarantee	559	6	\$42	\$140,868
Replacement of documents	2	3	\$42	\$252
Appeals	2	16	\$42	\$1,344
Financial statement review	559	3	\$42	\$70,434
Servicing actions	84	4	\$42	\$14,112
Borrower/lender visits	160	3	\$42	\$20,160

Outcome project performance	559	1	\$42	\$23,478
Total				\$1,149,792

Grants	Applicants or Grantees	Hours	Rate	3- Year Average
RES/EEI Application review - greater than 200,000	366	20	\$42	\$307,440
RES/EEI Application review - 200,000 or less	3,253	15	\$42	\$2,049,390
RES/EEI Technical merit review - greater than 200,000	366	8	\$42	\$122,976
RES/EEI Technical Merit review - 200,000 or less	3,253	4	\$42	\$546,504
Approve and obligate funds - RES/EEI & EA/REDA	1,898	8	\$42	\$637,728
Servicing actions other than monitoring	87	4	\$42	\$14,616
Planning and Performance	1,898	16	\$42	\$1,275,456
Reporting and Grant Disbursement - RES/EEI & EA/REDA	1,898	16	\$42	\$1,275,456
Appeals	3	16	\$42	\$672
Total				\$6,378,609

15. Explain reasons for changes in burden, including the need for any increase.

The number of total responses is estimated to increase from 45,388 to 110,004. This net increase is due primarily to the estimated increase in the number of respondents (from 3,100 to 3,634). To a much lesser extent, the increase reflects a more accurate accounting of the responses that will be required of all applicants and the accounting of certain forms associated with RES/EEI guaranteed loans that had not been previously charged against the rulemaking.

The total hours to respond are estimated to increase from 176,633 hours to 378,558 hours. The primary reasons for this increase are: (1) the increase in the estimated number of respondents for grants mainly, (2) increase in program funding, and (3) a more accurate accounting of the number of hours for application narrative and technical reports on RES/EEI projects and for the scope of work on feasibility study.

16. For collection of information whose results are planned to be published for statistical use, outline plans for tabulation, statistical analysis, and publication.

The information collected will not be published for statistical use.

17. Approval not to display the expiration date for OMB approval.

Some forms in this package are approved under multiple packages and having multiple expirations dates will confuse the customer.

18. Exceptions to certification statement.

There are no exceptions to the certification.

19. How is this information collection related of the Service Center Initiative (SCI)? Will the information collection be part of the one stop-shopping concept?

The SCI calls for changes to improve services to the USDA customers. One aspect is providing one stop service for greater customer convenience in accessing USDA programs. The applicant will be able to access the forms required except for the SF 424, which on the grants.gov Web site.