

OMB Control Number: 0560-0237

Title of Clearance: Farm Loan Programs - Direct Loan Making

Agency Form Number affected by Change Worksheet: FSA-2007 – Cosigner Application and Agreement - Revised Form.

Other Changes: FSA is requesting for an approval on a revised form of FSA-2007. There was an oversight - the revised form was supposed to replace the current form in the previous ICR; the revision for the form was explained in the previous supporting document:

If FSA determines that the applicant cannot meet the repayment requirements for the loan requested, or the security offered by the applicant does not meet the FSA's requirements, FSA may accept a cosigner to ensure timely loan repayment, or a pledge of security by a third party to meet the security requirements

Previously, if a borrower required a cosigner, the cosigner completed certain sections of the FSA-2001 and signed the FSA-2007. Since the FSA-2001 was initially completed by the borrower and already includes the borrowers' information, there was some confusion over which parts must be completed by the cosigner. Also, in dealing with many different borrower types, FSA staff constantly questioned whether an FSA-2007 was required since the cosigner also signed the FSA-2001. In both cases, either too much or too little is obtained, which results in potential Equal Credit Opportunity act (ECOA) violations or added risk to the government.

In the new process, the cosigner only completes the revised FSA-2007-Cosigner Application and Agreement. The revised form will consolidate, clarify, and eliminate confusion. Clear lines will be drawn for both the cosigner and FSA staff, ultimately simplifying the overall process.

The information previously required for the cosigner on both FSA-2001 and FSA-2007 is now all on the revised FSA-2007; no new information is being requested. The detailed information on the FSA-2001 continues to be provided by the applicant. The revised FSA-2007 now captures the very limited information that FSA requires the cosigner to provide. As noted at the top of the FSA-2007, the cosigner continues to provide the FSA-2004 in the place of the applicant. Therefore, along with the other responses on the FSA-2007, including specifying the name of the applicant for whom the person is cosigning, and the cosigner's SSN, employer information, and other answers that provides FSA with the required information to evaluate the person's ability to cosign.

There is no changes to the burden hours in the 0560-0237.