

## **2018 SUPPORTING STATEMENT**

(0572-0137)

7 CFR Part 1782 – Servicing of Water Programs Loans and Grants

### **A. Justification**

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

This information collection package covers loan and grant servicing regulations, 7 CFR Part 1782, “Servicing of Water Programs Loans and Grants,” the regulations prescribing policies and responsibilities for servicing actions necessary in connection with Rural Utilities Service (RUS or the Agency) Water and Environmental Programs (WEP) loans and grants. Authority for servicing Water Programs Loan and Grants is contained in Section 306c of the Consolidated Farm and Rural Development Act, as amended. Servicing actions become necessary to ensure the sustainability of participating customers and, in the event of advanced actions, due to the development of financial or other problems. The action may be initiated by a recipient who recognizes that a problem exists and wishes to resolve it, or by the Agency. If servicing a WEP loan or grant is required, the recipient of the loan, grant, or loan guarantee must furnish financial information that is utilized to work toward problem resolution through re-amortization, sale, transfer, debt restructuring, liquidation, or other means provided in the regulation. The information required is similar to that required by a commercial lender in similar circumstances.

#### **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.**

The Agency provides forms and/or guidelines to assist in collection and submission of the information required to service loans and grants. In some cases, use of Agency forms is optional and the borrower may submit the information required on other forms. The Agency utilizes existing Rural Development forms to the greatest extent possible to continue to meet the needs of the program. The forms or related items completed by the borrower are submitted to and evaluated by the Agency servicing office. The information, mostly financial in nature, is required to determine if borrowers, based on their individual situations, qualify for the various servicing authorities.

The specific items, which impose burden under this regulation, are:

#### **REPORTING REQUIREMENTS OF THIS COLLECTION – NO FORMS APPROVED** **(Items are in order of regulation appearance)**

##### **Environmental Evaluation (Written)**

Certain servicing actions require borrowers to submit evidence that security property has been evaluated for releases of hazardous substances of petroleum products. The Agency requires that borrowers, as a minimum, complete a questionnaire prior to transaction approval. The

requirement is necessary to protect the Government's interest when taking possession of property subject to environmental contamination. This evaluation will be completed and submitted by 23 borrowers at 12 hours per response.

**Application for Commercial Credit- Graduation (Written)**

Pursuant to RUS 1782.11, Refinancing Requirements, existing borrowers are routinely reviewed to determine whether they have the capacity to refinance their outstanding indebtedness through a commercial credit source. The review, including the initial screening, is completed by the Agency using the Audit/Financial Statements. If the initial screening determines that they may be able to refinance, then the borrower is required to solicit credit from conventional sources. If the conventional creditor is willing, the borrower is required to refinance. The results of the review are recorded as applicable. The application will be completed and submitted by 15 borrowers at 4 hours per response.

**Appraisal (Written)**

An appraisal, completed by a qualified, independent third-party source, may be required as a result of some contemplated servicing actions, such as transfer and assumptions and liquidation actions. The appraisal is completed in conformity with statutes and regulations by a licensed appraiser. The resulting report is reviewed by Agency staff to qualify the validity of the report. An appraisal will be completed and submitted by 28 borrowers at 2 hours per response.

**Conveyance Instrument- Purchase Agreement, etc. (Written)**

In the instance that there is a sale or exchange of property, the participating parties must submit a fully authorized conveyance instrument that outlines the terms of the transfer, which is reviewed by the Agency for validity. This agreement must include language pertaining to civil rights covenants outlined in 7 CFR 1901. A conveyance instrument will be completed and submitted by 15 borrowers at 2 hours per response.

**Rights and Obligations Assumptions Agreement (Written)**

When there is a sale or exchange of secured property, the participating parties must submit a written agreement assuming all rights and obligations of the original borrower. If for any reason the assuming party does not wish to comply with the established parameters, then they are deemed an ineligible borrower and handled in accordance with established statutes and regulations. The Agreement, which could be in the form of a Purchase Agreement or another legally amenable format, must be reviewed and agreed to by the Agency. An Agreement will be completed and submitted by 15 borrowers at 2 hours per response.

**RD Form 1910-11, Applicant Certification, Federal Collection Policies for Consumer/Commercial Debts (Written)**

This form is completed by all borrowers who are seeking to complete a transfer and assumption to an eligible borrower. This form outlines the Agency's right to verify and, subsequently, report any form of monetary or non-monetary default. It lists various actions that may be taken by the Agency in an attempt to remedy the issue. The form will need to be completed and submitted by 15 borrowers at 15 minutes per response.

**Consent of Lienholders (Written)**

The Agency must approve all transfers to eligible transferees. In order to protect the Agency's security interest, a determination must be made that no liens, judgments or similar claims against the security exist prior to transferring the property. The Agency requires the written consent of any other lienholder as a condition of approving the transfer. The impact on the public is limited

to obtaining the written consent of lienholders. Consent will be obtained and submitted for 23 borrowers at 1 hour per response.

**Letter of Conditions (Written)**

Following the review and initial authorization of a transfer and assumption transaction, the Agency will issue a Letter of Conditions, which is reviewed and agreed to by the involved parties. The Letter of Conditions spells out all terms, covenants, and other pertinent items relevant to the administration of the assumed loans. The applicant acknowledges the formal acceptance of the included items through Form RD 1942-46, Letter of Intent to Meet Conditions (below). The Letter of Conditions will be reviewed and authorization submitted by 23 borrowers at 15 minutes per response.

**Insurance (Written)**

Prior to the Agency approving a transfer and assumption, borrowers must obtain adequate insurance to protect the Government's financial interest. The type of insurance varies by borrower and may include liability, workers compensation, floodplains, etc. The Agency will evaluate each transaction on a case-by-case basis. The Insurance procurement documentation will be completed and submitted by 23 borrowers at 2 hours per response.

**Security Instruments (Written)**

Depending on the type of organizational structure and State statutes, it may be necessary to prepare new debt instruments to affect transfers and assumptions requested by borrowers. Transfers may require issuance of new debt instruments if more than one type of loan is used in financing a project, if loans were obligated in different fiscal years, or other extenuating circumstances exist. The precise form of the security agreement will vary by state and borrower. New debt instruments will be completed and submitted by 23 borrowers at 2 hours per response.

**Assumption/Disposition of Grant Agreement Terms (Written)**

RUS requires borrowers/transferees and leasees to assume all rights and obligations of the grant agreement for sales, transfers, or leases of a facility. To document the Assumption/Disposition of Grant Agreement Terms, all participating parties will agree to and execute an Agreement. The Agreement is reviewed and approved by the Agency to qualify for completeness. An Agreement will be completed and submitted by 23 borrowers at 15 minutes per response.

**Subordination/Parity Narrative Request (Written)**

Borrowers may find it necessary to secure funding from outside sources to finance portions of their facility. The process may require that the Agency subordinate or lower its security position to a parity level. In order to approve a borrower's request to subordinate or parity debt, the Agency requires a written request from the borrower with supporting documentation as cited in 7 CFR 1782.17(a). Subordination/Parity Requests will be completed and submitted by 15 borrowers at 1 hour per response.

**Statement on Availability to Obtain Credit Elsewhere (Written)**

In the instance that a borrower is seeking a Parity lien, the Agency must consider whether they can refinance the debt with conventional credit at reasonable rates and terms. The borrower must submit a statement and supplemental information in order to justify whether they can refinance. The Agency subsequently qualifies the submitted information. As needed, the Agency may request additional information. This is a separate review from the Graduation items previously referenced. A statement will be completed and submitted by 15 borrowers at 1 hour per request.

**Management Agreements (Written)**

When an Agency financed facility is to be leased or managed by other parties, the borrower must furnish copies of the proposed management agreement for approval by the Agency. The review and approval is necessary to protect the Government’s interest. The borrower is ultimately responsible for operating, maintaining, and managing the facility even though the functions are performed by a third party under a management agreement. Agreements will be completed and submitted by 15 borrowers at 1 hour per response.

**Bankruptcy Orders and Supplemental Information (Written)**

In the event that a borrower enters a situation calling for debt settlement, either partially or in whole, the borrower must submit any Bankruptcy Orders or other relevant supplemental information. This includes all Court Orders, legal documents, or information related thereto. The Agency then reviews the information in accordance with established regulations and procedures. The items herein will be completed and submitted by 1 borrower at 2 hours per response.

**Repayment Agreement (Written)**

Borrowers subject to the Treasury Offset Program are provided an opportunity to avoid being submitted by entering into a written repayment agreement. The repayment agreement allows borrowers to avoid future Federal assistance payments offset by agreeing to a new repayment agreement. The Agreement is reviewed and approved by the Agency. The Agreement will be completed and submitted by 1 borrower at 1 hour per response.

**RUS Staff Instruction 1782-1, Exhibit E- Rescheduling Agreement (Written)**

The Agency requires completion of Exhibit E when the borrower is requesting debt rescheduling. It is sometimes advantageous for borrowers to reschedule debt instead of issuing a new debt instrument to effect re-amortization of a loan. The Agency provides Exhibit E to Staff Instruction 1782-1, which may be used for this purpose. The Agreement will be completed and submitted by 15 borrowers at 30 minutes per response.

**Voluntary Conveyance- Board Resolution (Written)**

If a borrower decides to voluntarily convey any property to the Agency, the borrower’s authorizing documents must be submitted for review. An action of this nature will require a Board Resolution, or similar document, summarizing a vote of leadership to proceed with said action. The Resolution, or supplemental document, and its supporting information is vital to ensuring that the Agency is able to adhere to established regulations and procedures. The Resolution will be completed and submitted by 1 borrower at 1 hour per response.

**REPORTING REQUIREMENTS – FORMS APPROVED UNDER OTHER OMB CONTROL NUMBERS- (Items are in order of regulation appearance)**

**Form RD 400-8, “Compliance Review” (Cleared under 0575-0018)**

In accordance with RD Instruction 1901-E and applicable statutes, a Compliance Review must be completed for each award. Subsequent reviews are to be completed as outlined. The purpose of the review is to ensure that there are no inequities in the service being provided. This also applies to the organization’s composition in addition to the system users. The Form RD 400-8 outlines the applicable questions and topics. The Review will be conducted and information submitted by 1,835 borrowers at 8 hours per response.

**Form RD 3550-28, “Authorization Agreement for Preauthorized Payments” (Cleared under 0575-0184)**

Payments may be submitted manually or through pre-authorized debits (“PAD”). It is the Agency’s stance that PAD be used in all instances, except where it is not technologically feasible. This has helped reduce instances of delinquency and increase program efficiencies. This form is required for each separate loan, and may be cancelled at any time. The PAD form will be completed and submitted by 566 borrowers at 30 minutes per response.

**Form RD 442-2, “Statement of Budget, Income, & Equity” (Cleared under 0575-0015 and 0572-0317)**

The Agency requires submission of this form in order to perform annual financial analysis and/or a thorough graduation review to determine if the borrower has the financial capability to secure financing from commercial sources. Form 442-2 is used by borrowers that did not have a formal audit completed. This form will be completed and submitted by 1372 respondents at 2 hour 30 minutes per response.

**Form RD 442-3, “Balance Sheet” (Cleared under 0575-0015 and 0572-0137)**

A balance sheet is required in order for the Agency to perform annual financial analysis and/or a thorough graduation review to determine if the borrower has the financial capability to secure financing from commercial sources. Form 442-2 is used by borrowers that did not have a formal audit completed. The form will be completed and submitted by 1,372 borrowers at 1 hour per response.

**Form RD 465-1, “Application to Subordinate” (Cleared under 0575-0066 and 0572-0137)**

Borrowers requesting approval to subordinate RUS debt must submit Form RD 465-1. The form is necessary in order for the Agency to approve subordination requests, junior liens, or partial release from the terms of real estate security instruments. All information is reviewed and qualified by the Agency. This form will be completed and submitted by 25 borrowers at 1 hour per response.

**Form RD 400-4, “Assurance Agreement” (Cleared under 0575-0018 and 0570-0062)**

The Assurance Agreement form is executed in instances that borrower purchase or exchange property. It establishes that the property will be used for similar purposes as the loan or grant was made and that the borrower will comply with civil rights provisions contained in 7 CFR Part 1901. The impact on the borrower is limited to the time required to read and include a signature on Form RD 400-4. This form is completed and submitted by 15 borrowers at 15 minutes per response.

**Form SF- 424, “Application for Federal Assistance” (Cleared under 4040-0004)**

Applicants use this form as a required cover sheet for applications submitted for TAT and SWM grants. The application is an official form required for all Federal grants and requests basic information about the applicant and the proposed project. This form is submitted as part of the pre-application and if the project is selected, as part of the formal application. This form is completed and submitted by 15 borrowers at 1 hour per response.

**Form SF-424-A, “Budget Information- Non-Construction Programs” (Cleared under 4040-0006)**

Applicants project costs and expenses for the project. As this application would be filed under advanced servicing, there will be no construction involved. Therefore, Attachment A, Non-Construction Programs would be used, as opposed to Attachment C, Construction Programs. The

form also provides information on matching funds. This form is completed and submitted by 15 borrowers at 1 hour per response.

**Form SF-424B, “Assurances--Non-construction Programs” (Cleared under 4040-0007)**

Applicants read and sign this form to indicate the organization’s intent to comply with the laws, regulations, and policies to which a grant is subject. As this application would be filed under advanced servicing, there will be no construction involved. Therefore, Attachment B, Non-Construction Programs would be used, as opposed to Attachment D, Construction Programs. This form is completed and submitted by 15 borrowers at 15 minutes per response.

**Form RD 1942-46, “Letter of Intent to Meet Conditions” (Cleared under 0575-0015, 0570-0021, 0570-0061, 0570-0062, and 0572-0137)**

Borrowers must sign the Letter of Intent prior to the Agency approving all applicable actions. The form is necessary because it signifies the borrower’s commitment to the terms and conditions specified in the Letter of Conditions. It also specifies an period of time during which the borrower will comply with the items defined. There are an estimated 15 respondents and the estimated hour burden is 1 hour.

**Form RD 1951-15, “Community Programs Assumption Agreement” (Cleared under 0572-0137 and 0575-0066)**

The Assumption Agreement is used to affect the transfer of Agency loans to a different entity and the form establishes the effective date of the transfer. Borrowers must sign the assumption agreement to finalize a transfer and assumption of Agency debt. The Agreement will need to be completed by 15 borrowers at 30 minutes per response.

**Form RD 1927-9, "Preliminary Title Opinion" (Cleared under 0575-0147)**

Applicants' attorneys use this form to reflect title to real property owned or to be purchased. This form is required for any transaction that deals with the sale or exchange of property. The form is reviewed by the Agency to ensure that, among other things, there are no right-of-way or ownership issues. This form will be completed and submitted by 15 borrowers at 1 hour and 15 minutes per response.

**Form RD 442-7, “Operating Budget” (Cleared under 0575-0015 and 0572-0137)**

Borrowers requesting parity, for projects where construction is involved, will submit an Operating Budget with the request. The Agency reviews the form to ensure that there are no financial, or other barriers, which will affect the Agency’s position. The form will be completed and submitted by 10 borrowers at 5 hours per response.

**Form RD 3560-57, “Application for Settlement of Indebtedness” (Cleared under 0575-0189)**

Prior to approving debt settlement actions, RUS prepares and the borrower must sign the Application for Settlement. This form is prepared to effect a write-off of a borrower’s Agency debt. This form will be completed by 1 borrower at 1 hour per response.

**Form RD 1951-10, “Workout Agreement” (Cleared under 0575-0066)**

Borrowers unable to bring delinquent accounts current are requested by the Agency to adopt a Workout Agreement. The Agreement is necessary in order to develop a plan to eliminate the delinquent amount and provide written documentation of steps to be taken to ensure the agreement is completed as planned. This form can be used proactively in anticipation of future financial issues in order to avoid default, which may lead to other advanced servicing actions. The Agreement will be complete and submitted by 20 borrowers at 1 hours per response.

**Form RD 1951-33, “Re-amortization Request” (Cleared under 0572-0137 and 0575-0066)**

The Re-amortization Request is used to re-amortize an existing loan and to modify the terms of the original loan agreement. The Agency has several tools available, such as a re-amortization with interest rate reduction, which may open up additional cash flow for the borrower to be able to remain current. This form is reviewed by the Agency and implemented in accordance to the terms of the Work Agreement or other effective agreements. This form will be completed and submitted by 20 borrowers at 15 minutes per response.

**Form RD 1955-1, “Offer to Convey Security” (Cleared under 0572-0137 and 0575-0172)**

The Offer to Convey Security is used to formally document the conveyance real estate security property to the Agency (Government). The borrower prepares and signs the form with the assistance of the Rural Development servicing official. The Offer will be completed and signed by 1 borrower at 15 minutes per response.

**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 agency encourages applicants to submit material electronically and the Agency issued forms associated with this collection are fillable and printable on the USDA eForms website. 7 CFR 1782 requires borrowers to submit information and does not exclude electronic transmission, such as electronic mail. Borrower request and information can be accepted electronically.

There are ongoing efforts to digitize the Agency’s portfolio. The Agency’s processing software is able to store digital copies of the items referenced herein; however, there currently is no standardized electronic platform for the borrowers to submit the material. The Agency has developed and released an online portal for the submission of electronic applications, RD Apply, and is in the development phase of an integrated underwriting software within RD Apply. It is the intent of Management that efforts will continue to digitize the remaining elements of our processing and servicing requirements. While an exact timetable is unknown, this is further evidence of the Agency’s commitment to making its programs fully digitized.

**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 information required to determine eligibility for various servicing options is not captured on other forms and is specific to each borrower. Each form required is unique to that particular servicing benefit. To combine these forms would only serve to confuse the borrower since each borrower has certain responsibilities to be carried out pertaining to the proposed action. Therefore, no duplication exists. The use of certain Agency forms is negotiable; however, the borrower must submit all solicited information required, including the assertion of any clauses, covenants, or other conditions. For example, a current balance sheet and statement of revenue is required from the borrower to determine the borrower’s financial position.

**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.**

The term “small entity” has the same meaning as the terms “small business,” “small organization,” and “small governmental jurisdiction” in accordance with 5 USC 601(6). The Small Business Administration (SBA) establishes a Table of Small Business Size Standards which matches to industries described in the North American Industry Classification System (NAICS). According to the established SBA standards, 100 percent of RUS WEP programs are classified as small entities. RUS is conscious of the needs of small entities. All forms are available electronically and RUS does not prohibit transmission of the information electronically. The information collected is unique to each borrower and is the minimum necessary to administer the servicing program.

**6. Describe the consequences to Federal program or policy activities in the collection is not conducted or conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

The collection of information is obtained only when needed for purposes related to loan security. The information is specific to each servicing incident and cannot be collected on a less frequent basis, and meet the requirements of the program. Failure to collect adequate information from borrowers could result in improper determinations of eligibility, identification of servicing needs and actions, and processing of selected mechanisms. The preceding could in turn could lead to other issues, such as unauthorized assistance.

**7. Explain any special circumstances that would cause an information collection to be conducted in a manner:**

a. Requiring respondents to report information more than quarterly.

All routine servicing items are collected on an annual basis. All information related to advanced servicing actions is submitted based on the request for a servicing action, but generally not more than quarterly.

b. Requiring written responses in less than 30 days.

No such requirement

c. Requiring more than an original and two copies.

The Agency does not request more than an original and two copies of any document.

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

Unless otherwise noted by statute, the Agency does not require applicants to retain records for more than 3 years beyond the designated action’s effective date.

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

This collection does not involve statistical information.



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

This collection does not involve statistical sampling.

g. Requiring a pledge of confidentiality.

This collection does not require a pledge of confidentiality.

h. Requiring submission of proprietary trade secrets.

This collection does not require submission of proprietary trade secrets.

**8. If applicable, identify the date and page number of publication in the Federal Register of the Agency's notice soliciting comments on the information collection. Summarize public comments received and describe actions taken by the Agency in response to these comments. Describe efforts to consult with persons outside the Agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, reporting format (if any), and on data elements to be recorded, disclosed, or reported.**

As required by 5 CFR 1320.8(d), a Notice to request public comments was published in the Federal Register on March 27, 2020 at 85 FR 17309. The Agency received no comments.

The following individuals were consulted to obtain their views on the availability of data, clarity of instruction, frequency of collection and recordkeeping, and other concerns or comments (listed alphabetically by first name):

Miranda Ward  
Clerk Treasurer  
City of Fairfield  
P.O. Box 307  
Fairfield, NE 68938  
Tel: (402) 726-2478  
E-mail: cityoffairfieldne@gmail.com

Miranda Ward from the City of Fairfield was contacted to determine her overall experience working with Rural Development Water and Environmental Programs (WEP) servicing actions. The City of Fairfield has been working with WEP for many years to develop water and wastewater infrastructure for their community. The City of Fairfield feels like the collection of information is reasonable and not burdensome.

Kimberly Gaugler  
City Auditor/Zoning Administrator  
City of Beach  
PO Box 278  
Beach, ND 58621  
Tel: (701) 872-4103  
E-mail: cityofbeach@midstate.net

Kimberly Gaugler the City of Beach's City Auditor was contacted about the City's overall experience working with Rural Development Water and Environmental servicing request. Kimberly stated that the City's experience was positive and that the servicing request was reasonable. She also confirmed that information was received from Rural Development in a timely manner.

Steven J. Kingsbury, MBA, CPFA, MiCPT  
City Treasurer, Finance and Technology Director  
City of Clare  
202 W 5th St,  
Clare, MI 48617  
Tel- (989) 386-7541, Ext. 107  
Email- skingsbury@cityofclare.org

Steven Kingsbury the City of Clare Treasurer was contacted about the servicing experience for the WEP loan and grants program. He stated that the City has been working with Rural Development for the past few decades and the information request was not burdensome and that the request were easy to understand and interpret.

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

There is no payment or gift to respondents.

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

No assurance of confidentiality has been provided to the respondents. Information submitted to the Agency by borrowers is covered by the provisions of the Freedom of Information Act (5 U.S.C. 552).

**11. Provide additional justification for any question of a sensitive nature, such as sexual behavior or attitude, religious beliefs, and other matters that are commonly considered private.**

Financial information is being requested to determine the eligibility for various servicing benefits. There are no questions of a sensitive nature, as outlined in this question.

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

Based on the current WEP caseload and the number of previous loans and grants serviced by water programs pursuant to 7 CFR 1782, the agency estimates that there are 304 respondents comprised of 245 public bodies and 59 non-profit organizations. The respondents will provide 304 responses totaling 653.75 burden hours. Overall, as of February, 2020, the WEP caseload is comprised of 7,373 customers, including 5936 public bodies and 1437 non-profit organizations. This servicing regulation is unique because, as opposed to the processing regulations, it covers actions that may come up during the life of existing borrowers loan repayment term (up to a 40 year term). The type of servicing actions listed varies from year to year along with how many respondents participate in a particular action. Not all 304 respondents will participate in any or every single action, yet, a respondent can participate in multiple

actions, which is why the Number of Respondents varies so drastically from the overall caseload composition.

Regulation	Number of Respondents	Total Annual Responses	Total Burden Hours	Total Hourly Wage	Total Costs
7 CFR 1782	304	304	654	\$45.65	\$29855.10

RUS estimates a cost of \$29,855.10 for respondents to comply with the regulation. In calculating the respondent cost, RUS estimates that 50 percent of respondent time is professional time and 50 percent of respondent time is clerical/administrative. Professional time is used for advanced servicing actions and any instance that a clerk is not present. The clerical position is used for financial statements, compliance and graduation reviews, and other routine servicing actions, which make up the majority of responses. The primary professional respondent would be a Utility Manager/Director. RUS based this hourly wage estimate of \$48.52 on the Bureau of Labor Statistics (“BLS”) 2018 National Industry-Specific Occupational Employment and Wage Estimates (“OES”) at [https://www.bls.gov/oes/current/oes\\_nat.htm/](https://www.bls.gov/oes/current/oes_nat.htm/), Occupational Code 11-1021, General and Operations Managers, using the Local Government designation. The standard rates are then multiplied by the fringe benefits published in the Employer Cost for Employee Compensation, Supplemental Tables, produced by the BLS. Page 93 lists the amount of total benefits as 36.25 percent<sup>1</sup> for September 2019, which equates to \$17.59. Thereby, the total cost of professional services is \$66.11. The primary clerical respondent is a Town Clerk or administrative assistant. The hourly wage of \$18.48 for the clerical/administrative personnel is selected from OES Occupational Code 43-4031, using the Local Government designation. The cost of benefits \$6.70 is added for total hourly cost of \$25.18. The column in the above table titled “Total Hourly Wage” was calculated by weighing the wages for the professional and clerical/administrative positions proportionate to their involvement. Based upon the proposed 50/50 split in workload, the average cost per hour is \$45.65.

**13. Provide an estimate of the total annual cost burden to respondents or record-keepers resulting from the collection of information.**

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

There are no capital or start-up costs required pursuant to this regulation. This is a servicing regulation, so all applicable parties would have to already be in existence.

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

There are no operation and maintenance and purchase of services required.

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

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<sup>1</sup> Benefit rates for State and local government workers, Service-providing industries is provided by Bureau of Labor Statistics Historical Date issued in September 2019. See: Employer Costs for Employee Compensation, Supplemental Tables, Historical Data, March, 2004 – September, 2019, page 93. Retrieved from <https://www.bls.gov/web/ecec/ececqrtn.pdf>. Benefit as a percentage of total compensation for public sector, service providing industry employees, including the utilities industry, in September, 2019 was 36.25%.

Servicing actions become necessary to ensure the sustainability of the overall portfolio and due to the development of financial or other problems. The actions may be initiated by a recipient who recognizes that a problem exists and wishes to resolve it, or by the Agency. In servicing RUS Water and Waste Loans and Grants the Agency employee utilizes financial information to evaluate and, when needed, work toward problem resolution through re-amortization, sale, transfer, debt restructuring, liquidation, or other means provided in the servicing regulations at 7 CFR part 1782. The Agency servicing office evaluates the information to determine if borrowers, based on their individual situations, qualify for the various servicing authorities.

There are two primary types of servicing actions that can be broken down as: (1) routine; and (2) advanced. The routine servicing actions are those that occur on a recurring basis, such as compliance, financial, and graduation reviews. Beyond the reviews, these items include supplemental actions like reviewing contracts and surveying lenders in order to determine conventional rates and terms for graduation analysis. Advanced actions arise from time-to-time as a result of internal and external pressures. The actions are exercised by a small minority of participating borrowers and often arise without much warning. For instance, the Agency may be called on to review written requests from borrowers asking the Agency subordinate its security position to a parity level, evaluate environmental reports from borrowers taking possession of property subject to environmental contamination, and/or approve transfers by determining that no liens, judgments or claims against the security exist prior to transferring the property. The Agency completes said actions to protect both the borrower and the interest of the Federal government. It is in the interest of both parties to exercise all available actions prior to referral to the Treasury Offset Program. As needed, the forms may be prepared by, or in association with, the Agency in an effort to provide guidance to the borrower and increase efficiencies.

Field and State Office staff perform approximately 80 percent of the processing (12993 hours). Finally, National Office staff contribute roughly 20 percent of processing (3248 hours). Field and state office wage rates are \$45.29, based on the hourly wage rates for loan analysts (GS 12, Step 5) in the locality pay area of Washington-Baltimore-Northern Virginia. Using the preceding locality pay area, the National Office wage rates are \$53.85, based on the hourly wage rate for loan analysts (GS 13, Step 5). The estimated rate of cost of total benefits for civilian Federal Government employees is 36.25 percent <sup>2</sup> for percentage of benefits as a portion of total hourly wage and was provided by the OMB Memoranda referenced in the footnote below. Thereby, the total rate for field and state office staff is \$16.42, and it is \$19.52 for National Office staff. Thereby, the total rates for the field and state office employees is 61.71 and for National Office employees is \$73.37. The wage rate used below (\$64.04) was calculated using a weighted average of the state, field, and national office time involved in the processing.

RUS estimates the cost to the Federal Government to administer the activities of this program to be \$978,060.96 per year. The following sections are as they appear in the RUS Form 36 Spreadsheet:

Routine Servicing Actions—1 hour X 304 borrowers X \$64.04	= \$	19,468.16
Advanced Servicing Actions- 40 hours X 23 borrowers X \$64.04	= \$	<u>58,916.80</u>

Total estimated cost to the Federal Government: = \$ 78,384.96

**15. Explain the reasons for any program changes or adjustments reported in items 13 or 14 of the OMB Form 83-1.**

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<sup>2</sup> Cost of total benefits as a percentage of total hourly compensation for civilian Federal Government employees exceeds that of private sector employees. OMB Memoranda indicate that the total Federal civilian position full fringe benefit cost factor is 36.25% See OMB Memoranda M-08-13(March 11, 2008).

In this collection, RUS uses several Rural Housing Service (RHS) forms that are approved under different RHS collection packages. As the number of documents submitted varies greatly each year, the fluctuation from last submittal to this year is due to the loans changes outside of the Agency control. The total burden has stayed relatively constant, just the number of respondents in this 3 year period increased, but the burden did not significantly change per respondent.

Additionally, we have an adjustment to the number of annual responses for this burden cycle going from 313 to 304, in addition we have an adjustment in the number of respondents going 62 to 304. This is based on servicing actions listed under this burden package varies from year to year along with how many respondents participate in a particular action. Not all respondents will participate in any or every single action, yet, a respondent can participate in multiple actions, which is why the Number of Respondents varies so drastically from the overall caseload composition.

The cost to the federal government correspondently changed as the number of borrowers and what service they needed worked on changed. The wages of federal employees slightly increased from the last submittal, but the overall amount of time spent in each type of servicing (routine or advanced) remained the same. As the number of respondents varied greatly, that impacted the total cost to the government.

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

There are no plans for publication of information collected.

**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 requesting an exemption from displaying OMB expiration dates since these are now covered in multiple collection packages with varying expiration dates.

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

There are no exceptions requested to the certification statement involved with this collection request.

**B. Collection of Information Employing Statistical Methods.**

This collection does not involve a survey. Thus, this collection does not employ statistical methods.