

## **REPORTING REQUIREMENTS FOR THIS COLLECTION**

### **Written/No Forms**

#### **7 CFR Part 1752 – Special Servicing of Telecommunications Programs Loans for Financially Distressed Borrowers**

This program is currently not codified in the Code of Federal Regulations. Burden accounted for under this information collection package are non-forms. The form used to collect information associated with this program is accounted for under another burden package. The form has been uploaded into the Supplementary Document section in ROCIS and the respective OMB control number is identified in Question 2 of the supporting statement and summary burden spreadsheet.

#### **Burden accounted for under this information collection package are non-forms as follows:**

##### **Servicing Action Request Narrative (Written)**

The Servicing Action Request Narrative explains the purpose of the request, including a discussion on the current problems that the borrower is facing regarding the ability to repay the loan and an overview of the history of the loan. This document also includes the amount of the loan, the amounts of principal and interest outstanding, a description of the security property, the type of security instrument, and the borrower's name and address.

##### **Borrower Financial Statements**

Financial statements are required to evaluate the current financial position of the borrower. These statements are comprised of the most recent audited balance sheet, income statement, and cash flow statements or two years of historical balance sheets, income statements, and cash flow statements. Borrowers are already required to submit annual financial statements under their existing Loan Documents.

##### **Pro-Forma 5 Year Financial Forecast**

A forecast is used to assess the borrower's long-term prospects to repay the loan. The forecast should include subscriber estimates related to all service offerings; annual financial projections with balance sheets, income statements, and cash flow statements; supporting assumptions for a five-year forecast period, and a depreciation schedule for existing facilities and those funded with federal assistance, matching, and other funds. This will be included with all servicing requests.

##### **Adjustments to Pro-Forma Forecast**

In some cases, the Agency may have questions about the Financial Forecast and request that the borrower prepare the forecast under a variety of different scenarios.

##### **Existing and Projected Subscriber Numbers**

The agency requests this information to assess the borrower's customer base.

### **Current Organizational Charts**

The agency requests charts on all parent organizations and/or holding companies (including parents of parents, etc.), and all subsidiaries and affiliates.

### **Information Relating Ownership Interest of Borrower and Related or Affiliated Entities**

This document details the internal personnel structure of the borrower and related or affiliated entities to inform the agency on potential payments, distributions, and resources being allocated to different related entities and to identify the key staff across the organizational structure.

### **List of Collateral**

The agency may request this information to determine whether the ongoing maintenance of the collateral is sufficient to the agency.

### **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.

### **Itemized List of Liquidation Expenses**

In the event of liquidation, a list of liquidation expenses with a justification of each of expense is required.

### **Legal Opinion on RUS Interests in the Collateral**

A legal opinion of RUS' interests in the collateral may be required to ensure that the borrower intends to maintain the lien position and cooperates with repayment to the agency in the event of liquidation.

### **Supporting Evidence of UCC Filings and Mortgages**

Copies of all current UCC filings and mortgage liens are required to verify that RUS maintains a first lien position on all assets of the borrower or as financed by RUS.

### **Schedule of Non-RUS Debt**

A schedule of external debt is required in a MAP to evaluate the distribution of payments and obligations to other organizations.

### **Trial Balance of Borrower**

A closing trial balance of ledger accounts listing all debits and credits to the borrower's accounts is required to ensure that financial statements were prepared appropriately and present an accurate account consistent with the financial statements.

### **Schedule of Accounts Payable by Aging**

An aging of accounts payable is required during a MAP to examine the outflow of cash to other organizations and the accounts that take priority for the borrower in repayment.

### **Schedule of Accounts Receivables by Aging**

An aging schedule of accounts receivable is required to determine the inflow of cash and primary sources of payment to the borrower from its customers. It is also used to evaluate the turnaround of payments and the likelihood of repayment to the borrowers from its customers.

### **Fixed Asset Detail List**

A list of current fixed assets is required to ensure that all pledged collateral is being used and maintained properly by the borrower.

### **Inventory Account Detail**

An inventory account detail is required to evaluate the goods and materials that a borrower is holding for resale or repair. During a MAP, it is used to evaluate costs associated with setup and holding of inventory.

### **Current Year Capital and Operating Budget**

A current year capital and operating budget detailing the planned and expected expenses and revenues of a borrower is required during a MAP to ensure that financial resources are being used efficiently and to ensure that expected payments are reasonable.

### **Copies of All Licenses, Leases, Contracts, and Agreements**

Copies of all agreements, licenses, contracts, and leases are required during a MAP to evaluate the reported expenses of a borrower's financial statements and expected long term costs and revenues.

### **Reimbursement Schedule for Pledged Deposit Account**

A complete listing of loan proceeds used by the borrower to pay expenses associated with the loan is required to ensure that the borrower used the funding for the appropriate purposes.

### **Additional Reporting and Monitoring Documentation**

Following a MAP, the agency may impose additional reporting and monitoring requirements on the borrower. A borrower may need to submit reports with increased frequency or additional details.

### **Additional Controls and Limitations Documentation**

Following a MAP, the agency may determine that additional controls, such as a segregation of accounts or further RUS review of ongoing expenditures, are required.

### **3rd Party Loan Documents**

In the event a borrower obtains an additional unguaranteed loan, additional documents from the 3rd party lender such as the loan agreement or the lender's analysis may be required.

### **3rd Party Agreements**

During the transfer of security and assumption of a loan, agreements made between the original borrower and the proposed transferee may be required.

### **Legal Opinion and Board Resolutions Regarding RUS Deferral Agreement**

In the event of a principal and/or interest deferral, the agency will request a legal opinion and board resolutions regarding the due authorization, execution, and delivery of the Deferral Agreement.

### **Asset Valuation**

An asset valuation detailing the process of determining the fair market or present value of the company or its collateral may be required if the borrower is requesting a servicing action that necessitated the release of the collateral from the agency or liquidation.

### **Corrected Management Plan**

A detailed plan listing all of the changes to the borrower's management and operations may be required to ensure that borrower meets the requirements of the loan agreement or improve the internal processes of the organization.

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