

United States Department of Agriculture  
Farm Service Agency  
SUPPORTING STATEMENT  
OMB Control No. 0560-0230  
7 CFR Part 772, Servicing Minor Program Loans

The purpose of this document is to request approval on a revision of a currently approved information collection request (ICR) to support the Servicing Minor Program Loans.

The minor Program loans involve existing loans only since there is no funding for new loans in these programs. Farm Service Agency (FSA) Minor Programs consist of the following loan types: Grazing Association loans and Irrigation and Drainage Association loans previously administered by the U.S. Department of Agriculture's Rural Development (RD) mission area, and non-farm enterprise and Recreation Loans made to individuals which have previously been administered by FSA. The forms previously approved in other packages will continue to be utilized by the program recipients.

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

The Farm Loan Program office provides supervised credit in the form of loans to family farmers and ranchers to purchase land and finance agricultural production. The association loans for irrigation and drainage and grazing associations are also included. Regulations are promulgated to implement selected provisions of sections 331 and 335 of the Consolidated Farm and Rural Development Act (COTACT). Section 331 authorizes the Secretary of Agriculture to grant releases from personal liability where security property is transferred to approved applicants who, under agreement, assume the outstanding secured indebtedness. The section also authorizes the Secretary of Agriculture to grant partial releases and subordinations of mortgages, subject to certain conditions, and to consent to leases of security and transfers of security property. Section 335 provides servicing authority for real estate security; operation or lease of realty, disposition of surplus property; conveyance of complete interest of the United States; easements; and condemnations. The regulation as specified in 7 CFR 772 delegates approval authorities and clarifies authorities necessary to carry out the authorized legislation.

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 information is collected from FSA Minor Program borrowers who may be individual farmers or farming partnerships, associations, or corporations. The information is provided from the borrower on a case-by-case basis to FSA county office staff directly. This information is usually provided by the submission of an Agency form, but it could also include documents from commercial lenders or records which are in the borrower's possession such as balance sheets, budgets, income and equity statements, and mortgages on land acquired with a subordination.

The information relates to a program benefit recipient or loan borrower requesting action on security which they own, which was purchased with FSA loan funds, improved with FSA loan funds or has otherwise been mortgaged to the Agency to secure a government loan, or information required by the Agency to meet program requirements.

The information collection will be used solely by the Farm Loan Programs in the Farm Service Agency. The policies and procedures for servicing chattels, real estate, leaseholds, and certain note-only security for FSA grazing association loans, irrigation and drainage loans, non-farm enterprise loans and recreation loans to individuals. Real estate and chattel security is serviced in a manner intended to accomplish the loan objective and protect the Government's financial interest. Servicing is carried out in accordance with the security instruments and related agreements, including any authorized modifications, provided the borrower has: (a) a reasonable prospect of accomplishing the loan objectives, (b) properly maintains and accounts for the security, and (c) otherwise meets the loan obligation. All applicable borrowers must be in compliance with civil rights laws and be serviced for graduation.

As of January 31, 2022, FSA has 11 Minor Program borrowers with 13 loans. Of these, 7 borrowers are Individual Minor Program borrowers that are serviced as Direct Farm Loans and are only included in this documentation for required compliance reviews. Forms and information may be acquired and submitted by FAX, mail, or in person.

Specific items of burden imposed by this collection described as follows:

#### Transfer and Assumption of Minor Program Loans

Section 772.9 provides the requirements for a borrower transferring all or a portion of the security to another party with an assumption of the Agency debt. The party assuming the loan must provide current financial information and would likely take 15 minutes each to copy and submit financial information including a Budget and a Balance Sheet. This information is submitted in their own format and does not require an Agency form. Information is submitted to the local FSA servicing office to be reviewed by FSA. It is estimated that zero requests for a transfer and assumption would be processed annually. The borrower and party assuming the loan would likely be required a total of 30 minutes for a Transfer and Assumption. There have been no requests to transfer and assume Minor Program loans for at least the past 8 years.

#### Compliance Reviews.

All Minor Program borrowers must be in compliance with all applicable Federal laws and regulations regarding equal opportunity in hiring, procurement, and related matters and meet the requirements of Title VI of the Civil Rights Act of 1964. Borrowers are reviewed every third year for compliance. The borrower is not required to complete any Agency forms, however, the borrower must keep records that monitor compliance. It is estimated that 30 borrowers will require 1 hour each year to assemble the required information. Information required by the borrower consists of users, members, and customers tracked by race and gender; and evidence of outreach efforts to the community served to assure that no evidence of discrimination exists based on Title VI of the Civil Rights Act of 1964.

### Graduation.

FSA requires all Minor Program borrowers to be serviced for graduation to commercial credit. Grazing association borrowers and irrigation and drainage borrowers are reviewed every 2 years for graduation and are required to provide a financial statement, balance sheet and other supporting documentation to allow the Agency official to make a decision on the probability of the borrower graduating to other credit. It is estimated that 20 borrowers will be reviewed annually. Since this is information the borrower would already possess, the only time involved would be to make copies of the information to provide to the Agency for review, or 15 minutes per response. Ten borrowers requests to provide graduation financial information. Those borrowers require to provide statements of Budget, Income and a Balance Sheet, information already in the possession of the borrower. Since these are associations who employ professional accountants or other trained individuals to prepare this information for income tax purposes on an annual basis, they would only be required to copy and submit this information to the Agency. An Agency form is not required as it would create redundancy and an undue burden on the borrower. It is estimated that it will require 15 minutes per response for the budget document and 15 minutes per response for the balance sheet.

### Leasing Security

Section 772.7 requires the borrower to provide FSA with a copy of the lease when they lease real estate security. FSA regulations require borrowers to operate their security and allow real estate security to be leased only when several criteria are met. Consequently, few FSA borrowers lease their security and the Agency estimates that this collection would be required zero times annually and require 30 minutes per response. There have been no requests to lease property in the past several years.

### Form FSA 2060, Application for Partial Release, Subordination or Consent", Form FSA 2476, Transfer of Real Estate Security, and Form FSA 2489, Assumption Agreement (approved under OMB control number- 0560-236)

These forms are used by the Agency borrowers to obtain the consent of the Government for subordination of the Agency mortgage, for partial release of real estate security, for leasing of security property, for transfers of security, assumptions of loans, or for discontinuing the operation. The burden associated with Minor Program loans is included in this package. Other uses have been approved under OMB control number 0560-0236. It is estimated that zero Form FSA-2060 would be submitted annually requiring one hour per submission for completion. Form 2476 is estimated to require 30 minutes for completion and is estimated to be completed zero times per year, and Form FSA 2489 is signed by the borrower and is estimated to be used zero times per year at a burden of 15 minutes.

If a mortgage is required on land acquired with a subordination which is estimated to occur zero times per year, it is estimated that 30 minutes would be required. In addition, Lien and Title information must be requested and reviewed by the borrower and it is estimated that the burden for this activity will require 30 minutes. The forms listed above

are not currently available for completion on the eforms site of the FSA, therefore, must be acquired from the local FSA County Office, District Office, or State Office. However, the forms are available on the eforms site for information only. The forms are submitted to the appropriate FSA office. There have been no applications for partial release or transfer of real estate in the past several years.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

There is no electronic submission for the borrowers because there are multiple parties involve in signing each form.

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.

FSA Farm Loan Programs officials have reviewed any duplication of our information collection with other Agencies and other sources. As a result, there is no duplication of information collection between Federal Agencies and other sources.

5. Methods to minimize burden on small business or other small entities (Item 5 of OMB Form 83-1), describe any methods to minimize burden.

This information collection places no burden on small businesses or other small entities beyond that performed in the course of normal business. There are 20 small business or entities.

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

The collection of information is required as a result of specific requests from program participants and obtained on an as needed basis and used to document the recipient's eligibility for the requested benefit. There is no regular reporting schedule related to the information collection requirements of this part. Failure to obtain this information at the time of the request for servicing will result in rejection of the borrower's request.

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. There are no information collection requirements that require reporting on more than a quarterly basis.

b. Requiring written responses in less than 30 days. The information to be collected is a result of the respondent's program participation and receipt of a benefit. In order to ensure that all

applicants are treated equally, some application deadlines are applied by regulation and or statute.

c. Requiring more than an original and two copies. The information collection requires only an original document or copy.

d. Requiring respondents to retain records for more than 3 years. There are no such requirements.

e. Not utilizing statistical sampling. There are no such requirements.

f. Require statistical sampling which has not been reviewed and approved by OMB. There are no such requirements.

g. Requiring a pledge of confidentiality. There are no such requirements.

h. Requiring submission of proprietary trade secrets. There are no such requirements.

8. Describe efforts to consult with persons outside the Agency to obtain their view on the availability of data, frequency of collection, the clarity of instructions and record keeping disclosure, or reporting format (if any), and on data elements to be recorded, disclosed, or reported.

FSA published a notice and request for comments on February 18, 2022 [77 FR 218]. FSA received one comment through Regulations.gov but it does not impact on the information collection.

The Agency consults with its borrowers, representatives of private lending institutions, Agency (FSA) and other USDA employees, and representatives of the Farm Credit Administration on a frequent basis as part of ongoing program administration, national oversight and national internal reviews.

The following individuals were consulted regarding this information collection and thought the process was clear, and, had no suggestions for modification of the forms or information required.

Bannack Grazing Association (Sally Munday),  
20875 MT Highway 278,  
Dillon MT,  
59725-9660.

Sullivan, Mike,  
100 HCR 2401 S,  
Whitney TX,  
76692-3536.

Porcupine Grazing Assn (Peter Nyquist),

318 E Hanson RD,  
Glasgow MT,  
59230-9511.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration 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 is provided. Requests for information received by the Agency will be handled in accordance with the provisions of the Freedom of Information Act and the Privacy Act. The data collections approved include privacy protected information for existing borrowers, such as financial information and servicing requests. Therefore, data collections cannot be posted to the Agency website

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

The information collected is financial and production in nature. As a condition of the receipt of program assistance, respondents must provide total disclosure of income, financial data, and history of business dealings that may be considered sensitive.

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

There are 58 respondents annually. Although it is possible that one program recipient may request multiple servicing actions, that number would be difficult to estimate. Therefore, this analysis assumes each respondent will provide one annual response. The estimated hour burden of this regulation is 37 man-hours. The burden is calculated by adding the estimated time to complete each record times the number of responses for each record as listed on the FSA 85-1.

The U.S. mean household income is \$42.41 hour for the respondent average. Fringe Benefit for the household income are an additional 29.5% percent, or 11.22 resulted in the total per hour. The total respondents' hourly rate is \$53.73.

The estimated cost to the public is \$1,853. ( $37 \times \$53.71$  average hourly rate = \$1,987).

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

The information collection places no burden cost on respondents for capital, start-up, total operation, maintenance, or the purchase of services.

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

The estimated annual cost to the Federal Government is \$ 2,115. This cost is salary expense for Government employee time associated with the information collection, such as assembling documentation, and reviewing paperwork submitted by respondents.

The government workers averaged \$40.35 per hour worked reported by the U.S. Bureau of Labor Statistics, while benefits cost \$12.52.

There is no special equipment aside from that needed for day-to-day operations; therefore, there are no costs included for these items. The government worker averaged \$40.35 per hour worked while benefits costs \$12.52 and accounted for the remaining 31.0 percent. The estimated costs to the Federal Government are:

Transfer of Real Estate Security - Repayment Ability

0 responses

Compliance Review

1 hour per response for Agency completion and analysis X \$52.87 X 30 respondents = \$1,586.

Graduation Review.

30 minutes per response for Agency analysis X \$52.87 X 10 respondents = \$529.

Require a Mortgage on Land Acquired with a Subordination.

0 responses

Form FSA 2060. "Application for Partial Release, Subordination or Consent"

0 responses

Form FSA 2476. "Transfer of Real Estate Security"

0 responses

Form FSA 2489. "Assumption Agreement"

0 responses

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

There are no changes to the burden hours since the last OMB submission.

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

No results from the collection will be published.

17. If seeking approval to not display the expiration date for the OMB approval of information collection, explain the reasons that display would be inappropriate.

The OMB expiration date are not displayed because there are no forms in this collection.

18. Explain each exception statement to the certification statement.

There are no exceptions requested.