

**FY2022 SUPPORTING STATEMENT
PAPERWORK REDUCTION ACT SUBMISSION FOR Farm Supply Chain Guarantee
Loan Program (FSC)
INFORMATION COLLECTION
OMB # 0570 -0077**

Terms of Clearance:

A. Justification

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

Section 1001 of the American Recovery Act of 2021, P.L. 117-2 provided funding for fiscal year 2022 (FY22) to the Secretary of Agriculture to provide assistance to maintain and improve food and agricultural supply chain resiliency.

The purpose of the Food Supply Chain (FSC) Guaranteed loan is to make funds available to qualified applicants and projects to facilitate financing for the start-up or expansion of activities in the middle of the food supply chain, particularly the aggregation, processing, manufacturing, storing, transporting, wholesaling, or distribution of food, to increase capacity and help create a more resilient, diverse, and secure U.S. food supply chain.

An emergency clearance approval for this information collection was approved on January 19, 2022 and expires July 31, 2022. There is a reduction in estimated hours from 17,241 to 16,085. This is due to a reduction in the estimated number of application packages associated with this program. The reduction in applications, in conjunction with a change in the wage rate reduced the total costs associated with this collection from \$827,761. to \$640,994.

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

Lenders wishing to apply for an FSC guarantee must submit applications with specified forms, proposals, certifications, and agreements to the Agency electronically through the FSC online application system.

The information provided will be used to determine applicant and project eligibility and to ensure that projects meet program goals and are for authorized purposes.

Lenders that receive FSC guarantees are also required to provide financial information and annual reports to the Agency to ensure that borrowers and projects remain viable.

REPORTING REQUIREMENTS – NON-FORMS

Preliminary eligibility review. A lender has the option of submitting a preliminary eligibility review to the Agency before it submits the full application for guarantee. The information in the preliminary eligibility review will be used by the Agency to make an informal assessment of project and borrower eligibility for program assistance. By providing the lender the opportunity

to submit a preliminary eligibility review, the Agency may help reduce the cost to the lender and prospective borrower of submitting a full application for guarantee for those projects that do not appear to be eligible or feasible.

Application Content

Credit Evaluation. Lenders must conduct a credit evaluation using credit documentation procedures and underwriting processes that are consistent with generally accepted prudent lending practices for commercial, public and project financing, and also consistent with the lender's own policies, procedures, and lending practices. The underwriting process must include a review of each loan for which a loan guarantee is being sought under this notice. The Agency will use this information in its applicant and project eligibility review.

Environmental analysis. Applicants are required to provide documentation as outlined in 7 CFR 1970, "Environmental Policies and Procedures". This information is necessary for the Agency to comply with the National Environmental Policy Act of 1969 (NEPA).

Financial information/statements. The applicant must provide historic, current, and pro-forma financial statements. The information will be used by the Agency as part of the eligibility determination to ensure financial viability of the applicant and their ability to carry out the proposed project.

Identify known relationship or association with Agency employee. The lender is required to notify the Agency whether or not they have a known relationship or association with an Agency employee. The Agency uses this information to determine if there is a potential conflict of interest and whether that conflict requires additional action by the Agency.

Credit report. Lenders are required to provide a current credit report or equivalent on the borrower, any payment guarantors and any person or entity owning greater than a 20 percent or more interest in the borrower or controls the borrower, except for passive investors and those corporations listed on a major stock exchange. Credit reports are used to evaluate the credit history of an applicant or others financially liable and as an aid in the credit evaluation completed by the lender and Agency.

Executive summary. An executive summary is required as part of the application package and is used by the Agency and lender as part of the application analysis process. It must include descriptions of the business and project; information on organizational structure including affiliates and subsidiaries; how the project will further the goals of this program and how the borrower or project meet the priority scoring criteria.

Organizational documents. Applicants are required to submit copies of organizational documents as part of the application package. They are used by the lender and Agency to determine applicant eligibility for this program.

Intergovernmental consultation or review. Applicants are required to provide intergovernmental consultation comments in accordance with RD Instruction 1970-I and 2 CFR part 415, subpart C,

or successor regulation, unless exemptions have been granted by the State single point of contact. This requirement ensures that states that elect to participate in this review process have had the opportunity to do so. It also provides the lender and Agency with additional information to complete required environmental and project analysis.

Evidence of compliance with USDA or FDA requirements. Borrowers must provide evidence of compliance with applicable authorities. Borrowers engaged in processing of meat, poultry, processed egg products, and Siluriformes must comply with the requirements of the U.S. Department of Agriculture (USDA) Food Safety and Inspection Service. Borrowers engaged in processing of other foods and food ingredients must comply with the requirements of the Food and Drug Administration. This requirement provides assurance to the lender and Agency that the borrower's products are marketable and can meet the intent of this program.

Feasibility study. Feasibility studies are generally required by the Agency only for a business with no track record or a business that is introducing new ideas or product lines. When required, the study must address the economic, market, technical, financial, and management feasibility of the business. They are used by the lender and Agency to help determine the creditworthiness of the proposal. Lenders sometimes require feasibility studies for loans without a guarantee, but a less comprehensive analysis might satisfy the lender.

Appraisal reports. The lender is responsible for ensuring that appraisal values adequately reflect the actual value of the collateral based on an arm's length transaction. Completed appraisals should be submitted when the application is filed. If the appraisal has not been completed when the application is filed, the lender must submit an estimated appraised value. Prior to the issuance of the loan note guarantee, the estimated value must be supported with an appraisal acceptable to the agency. Appraisals are required to ensure that real property and chattel value is suitably evaluated, thereby reducing Agency loss exposure should the loan go into default.

Lender's evaluation. The lender completes a comprehensive credit analysis that documents the lender's justification for making the loan. The Agency relies on this analysis as a basis for evaluating and approving the guaranteed loan request.

SAM registration. To do business with the Federal government, the lender is required to obtain a Unique Identification Number and register in the System for Award Management (SAM). Registration in SAM allows the applicant to complete the Online Representations and Certifications which replaces several paper forms and to access the FSC online application system.

Conditional Commitment

Cancellation. If the lender decides at any time after receiving a conditional commitment that it no longer wants a loan guarantee, the lender must immediately advise the Agency of the cancellation in writing. This requirement provides documentation to the lender and Agency in the event of a dispute.

Change request. Any additions or modifications to conditions stated in the original conditional commitment must be agreed upon between the lender, the borrower, and the Agency. This requirement provides documentation to all parties of the request in the event of a dispute.

Modification and expiration. The conditional commitment issued by the Agency will be effective for a period of one year or sufficient time to complete the guaranteed loan project prior to loan closing. The lender must submit a written request to the Agency to extend the conditional commitment at least 30 days prior to its expiration date and obtain Agency approval for the extension. This requirement serves not only to initiate the process to modify or extend the conditional commitment but also as documentation in the event of a dispute.

Change Prior to Loan Closing

Change in interest rate. The lender is required to seek and obtain Agency approval for any change in the interest rate between the date of issuance of the Conditional Commitment and before the issuance of the Loan Note Guarantee, unless the only change is to the base rate of a variable interest rate.

The lender is required to keep records to allow the Agency to calculate any loss at the reduced rate; to keep records that adequately document the accrued interest claimed; to provide copies of all legal documents to the Agency when making interest rate changes or other legally effective amendment to the promissory note.

The lender is required to obtain Agency concurrence if there is an increase in interest rate from a variable interest rate to a higher interest rate that is a fixed rate.

Changes in the interest rate can affect the viability of a project. Thus, project risk is addressed by the Agency in approving such changes. The requirements provide sufficient documentation to support any subsequent loss claim activities on the guaranteed loan.

Change 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.

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 new proposed lender is eligible and capable of making and servicing the proposed loan.

Loan Closing and Items Precedent to Issuance of the Loan Note Guarantee

Draft 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. This agreement is a general lender practice for all commercial loans. The Agency reviews the proposed document to aid in its loan analysis.

Loan closing documentation and certifications. Simultaneously with or immediately after the guaranteed loan closing, the lender must provide to the Agency documentation as outlined in the notice. The documentation and certification provide information the Agency needs to determine if the loan note guarantee should be issued.

Request for loan note guarantee prior to project completion. Lenders may request the loan note guarantee be issued prior to construction in accordance with this notice. They must submit all the documentation referenced in "Loan closing documentation and certification" as well as additional information that provides the borrower, lender and Agency assurance that, if the loan note guarantee issued, that the project will be completed in a timely manner and within budget.

Cancellation of obligation. Lenders wishing to cancel an obligation must do so in writing to the Agency. The request must include the reason, effective date, and if a partial cancellation, the portion to be cancelled. This process provides documentation to both the lender and Agency of the request in the event of a dispute.

Construction inspection notification. The lender must notify the Agency of any scheduled field inspections during construction. This provides the Agency an opportunity to attend the construction inspect to observe progress and ensure that the project is progressing and can meet the timelines agreed upon in the conditional commitment. The Agency may attend any field inspections the lender may conduct. Any Agency inspection, including those with the lender, are for the benefit of the Agency only (and not for the benefit of other parties in interest) and do not relieve any parties of interest of their responsibilities to conduct necessary inspections.

Appeals. The applicant or borrower and lender and/or holder may appeal any adverse Agency decision. Appeals are handled in accordance with Departmental appeal regulations. The burden is reported here.

Request for lender approval. To become a lender under this notice, the lending entity must meet the requirements specified in 7 CFR § 5001.130 Lender eligibility requirements. Under that regulation, lending entities must be approved in order to participate. All regulated lending entities who wish to participate in the FSC guaranteed loan program are considered approved lenders and must only submit a written summary of their loan origination and servicing policies and procedures as long as they are in good standing with its regulator.

For non-regulated lenders (5001.130 (c)), the Agency may approve a lending entity that does not meet the criteria of a regulated lender to become an approved lender for a period of up to 5 years. Non-regulated lending entity eligibility will expire on January 31 of the fifth year after the date of Agency approval.

Servicing

The lender is responsible for servicing the entire loan and taking all servicing actions that a reasonably prudent lender would perform in servicing its own portfolio of loans that are not guaranteed. The lender must certify that it will service the guaranteed loan in accordance with

this part, its loan servicing policies and procedures, and the lender's agreement. Where a lender's loan servicing policies and procedures address a corresponding requirement in the FSC notice or in the lender's agreement, the lender must comply the corresponding requirement in the notice, unless otherwise approved by the Agency.

Loan Classification. At the time the Loan Note Guarantee is issued, 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. This requirement allows the Agency to monitor its portfolio and provide proactive assistance if a loan's classification changes for the negative.

Agency and lender conference. The lender will consult 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 consult with each lender at least annually, and these conferences can be done either face-to-face or via the telephone. Because lenders sometimes have more than one guaranteed borrower, multiple borrowers are discussed at a single visit. These visits are necessary as part of the Agency's oversight responsibilities.

Financial reports The lender must obtain the borrower's and any guarantor's financial statements required by this regulation and the loan agreement. The Agency may require an annual audited financial statement based on a project's circumstances. States, local governments, Indian tribes, institutions of higher education, and nonprofit organization borrowers who meet the Federal awards expended threshold established in 2 CFR 200, subpart F, "Audit Requirements," during their fiscal year must submit an audit conducted in accordance with 2 CFR 200, subpart F.

The lender must submit financial statements obtained under this section to the Agency within 120 days of the end of the borrower's fiscal year. When the borrower's audit is conducted in accordance with 2 CFR 200, subpart F, audits must be submitted no later than nine months after the end of the borrower's fiscal year or 30 days after the borrower's receipt of the auditor's report, whichever is earlier.

Annual financial statements must be in accordance with accounting practices acceptable to the Agency as prescribed in the notice for all borrowers with a guaranteed loan balance in excess of \$600,000. The lender may determine the type and frequency of financial statements for borrowers with a total guaranteed loan balance below \$600,000, whether initially or once repayments have reduced balance, upon notification and justification to the Agency.

Liquidation Plans and Reports If a Lender enters into a liquidation, the lender is required to develop a liquidation plan, in consultation with the Agency, which will include obtaining appraisals. As part of the plan, the lender will be responsible for providing reports to the Agency on the liquidation as it progresses. Further, the lender must notify the Agency of any changes to or deviations from the plan.

The requirement to consult with the Agency allows the Agency to reduce Agency loss. The requirement to provide the Agency with progress reports on the liquidation and notification of

any changes to or deviations from the plan will also allow the Agency to reduce Agency loss by informing the Agency of any problems that might require the Agency's attention.

Lenders are required to obtain Agency approval before effecting a compromise settlement.

This requirement allows the Agency to help mitigate Agency loss by requiring its approval of the compromise settlement.

Repurchases The lender is required to notify the Agency of its decision on whether it will repurchase a loan or not, making sure that it notifies the Agency of all repurchases it makes.

This requirement allows the Agency to track responsible parties for the loan, which is important should the loan go into default.

Collateral Release The lender must inspect the collateral as often as necessary to properly service the guaranteed loan.

This requirement is needed to ensure that the loan is properly serviced, which reduces Agency risk by helping to ensure the value of the collateral is maintained should the loan go into default and be liquidated.

Transfers and Assumptions. The Agency will only approve a transfer and assumption if the transferee will continue the eligible purpose of the guaranteed loan and such transfer and assumption complies with all applicable conditions.

Change in borrower organization. All changes in the borrower's organization, including mergers, require approval by the Agency and the lender.

This requirement is needed to provide the Agency necessary information on the new borrower in order to determine compliance with the borrower eligibility criteria, including the ability to repay the guaranteed loan. In addition, this requirement will enable the Agency to monitor the lender's enforcement of the promissory note and other security instruments, as applicable, and the lender's loan servicing responsibilities.

Subordination of Lien Position. A lender seeking a subordination of its lien position in collateral must submit a written request to the Agency. The lender must include in the request a financial analysis of the servicing action. The financial analysis must be fully supported by current financial statements, less than 90 calendar days old, of the borrower and guarantors. The lender must receive written Agency approval prior to the subordinations.

This requirement provides information to the Agency to evaluate the request to ensure that the subordination is in the best interest of the Agency.

Additional Expenditures and Loans The lender shall not make additional expenditures on behalf of, or provide new loans to, the borrower without notification to the Agency even though such expenditures or loans will not be guaranteed. The lender shall not approve additional

expenditures or new loans where the expenditure or loan will violate, or cause a violation of, any of the loan covenants in the borrower's loan agreement.

This requirement helps the Agency evaluate any adverse effect on the ability of the borrower to repay the loan, thereby reducing Agency risk.

Protective Advances The lender is required to obtain the Agency's written authorization when any protective advance, singularly or cumulatively, amounts to more than \$200,000 or 10 percent of the guaranteed loan, whichever is less.

Protective advances are indicative of potential problems with a loan. If they are greater than \$200,000 or 10 percent of the guaranteed loan, Agency risk is increased to where the Agency needs to approve the protective advance. Thus, this requirement helps to mitigate Agency risk.

Litigation In all litigation proceedings involving the borrower, the lender is responsible for protecting the rights of the lender and the Agency with respect to the loan and keeping the Agency adequately and regularly informed, in writing, of all aspects of the proceedings. If the Agency determines that the lender is not adequately protecting the rights of the lender or the Agency with respect to the loan, the Agency reserves the right to take any legal action the Agency determines necessary to protect the rights of the lender and Agency, on behalf of the lender or the Agency. If the Agency exercises this right, the lender must cooperate with the Agency. The Agency will assess against the lender any cost the Agency incurs with such action.

This requirement is important for the Agency to mitigate Agency risk. Through these reports, the Agency will determine if the lender is not adequately protecting the rights of the lender or the Agency, and if this is the case, the Agency can step in to protect its rights and the rights of the lender.

Loss Claims The Agency is allowed to request, in response to a loss claim, the lender to provide the Agency with a copy of the applicable loan origination and servicing policies and procedures in place for the loan. The lender is required to comply with such requests.

This requirement is important for the Agency to be able to assess the lender's loss claim to ensure that the Agency only pays appropriate loss amounts.

Interest rate changes The lender is required to seek and obtain Agency approval for any change in the interest rate between the date of issuance of the Conditional Commitment and before the issuance of the Loan Note Guarantee unless the only change is to the base rate of a variable interest rate.

The lender is required to keep records to allow the Agency to calculate any loss at the reduced rate; to keep records that adequately document the accrued interest claimed; to provide copies of all legal documents to the Agency when making interest rate changes or other legally effective amendment to the promissory note.

The lender is required to obtain Agency concurrence if there is an increase in interest rate from a variable interest rate to a higher interest rate that is a fixed rate.

Changes in the interest rate can affect the viability of a project. Thus, project risk is addressed by the Agency in approving such changes. The requirements provide sufficient documentation to support any subsequent loss claim activities on the guaranteed loan.

Replacement of loan note guarantee and assignment guarantee agreement In those incidences where the Loan Note Guarantee or Assignment Guarantee Agreement is lost, stolen, destroyed, mutilated, or defaced, the lender must notify the Agency to request a replacement. This requirement is necessary to ensure proper documentation of the loan is in place should a problem occur with the loan.

Termination of the Loan Note Guarantee The lender is required to submit a written request to the Agency to terminate the guarantee when the lender holds the entire guaranteed portion, and the original loan note guarantee is returned to the Agency.

Audit requirements. If applicable, grantees must provide an annual audit in accordance with 2 CFR part 200 subpart F. This requirement keeps grantees in compliance with Federal auditing standards.

SAM registration maintenance. Each lender (unless an exception, as outlined in 2 CFR 25.110(a) through (d), is approved by the Agency) is required to maintain an active SAM registration with current information at all times during which it has an active Federal award. Renewals to the lender's SAM registration are required annually. The Agency uses the SAM site to ensure continued eligibility to receive Federal financial assistance.

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.

Request for appeal. Agency decisions that are adverse to the individual participant are appealable, while matters of general applicability are not subject to appeal; however, such decisions are reviewable for appealability by the National Appeals Division (NAD). All appeals will be conducted by NAD and will be handled in accordance with 7 CFR part 11. The Agency and appeals staff will use information provided to determine appealability of issues as well as formulate responses.

REPORTING REQUIREMENTS - FORMS APPROVED UNDER THIS OMB NUMBER

The responses and hours associated with each response on the following forms have been included in the spread sheet that details the burden number.

Form RD 4281-1, "Application for Food Supply Chain Loan Guarantee" (OMB No. 0570-0077). The FSC guaranteed loan program notice addresses the requirements for submitting applications for loan guarantees. Lenders, with input from the prospective borrowers, must submit an application for guarantee for each project using an Agency-approved application form. The information collected on this form is used by the Agency to determine applicant eligibility for program assistance and to provide financial and other data about the borrower and lender. The information is also needed to allow the Agency to track the loan.

Form RD 4281-2, "Guaranteed Loan Borrower Status Report" (OMB No. 0570-0077). The lender must submit periodic reports on the condition of its Agency guaranteed loan portfolio (including borrower status and loan classification) and any material changes in the general financial condition of the lender since submitting the last periodic report. This report is submitted twice a year.

Form RD 4281-3, "Guaranteed Loan Borrower Default Status" (OMB No. 0570-0077). Lenders use this form to inform Rural Development of the status of borrowers in default. This form is submitted monthly until the borrower is no longer in default.

Form RD 4281-4, "Guaranteed Loan Closing Report" (OMB No. **0570-0077**). This form is prepared for each loan for each instance of guarantee issuance or consolidation of guaranteed loans. The Guaranteed Loan Closing Report must accompany all requests for loan note guarantee.

Form RD 4281-5, "Guaranteed Loan Report of Loss - Bankruptcy Reorg w/no Collateral"(OMB No. 0570-0077). This form is used by lenders to report a final loss or a bankruptcy with no collateral on a guaranteed loan to the Agency.

Form RD 4281-6, "Guaranteed Loan Report of Loss - Estimated Loss"(OMB No. 0570-0077). This form is used by lenders to report an estimated loss on a guaranteed loan to the Agency.

Form RD 4281-7, "Guaranteed Loan Report of Loss - Bankruptcy Reorg w/Collateral"(OMB No. 0570-0077). This form is used by lenders to report a final loss or a bankruptcy with collateral on a guaranteed loan to the Agency.

Form RD 4281-8, "Lender's Agreement"(OMB No. 0570-0077). This form is the signed agreement between the Agency and the lender setting forth the lender's loan responsibilities. Each lender will execute the form once.

Form RD 4281-9, "Conditional Commitment"(OMB No. 0570-0077). 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 4281-11, "Unconditional Guarantee"(OMB No. 0570-0077). This form is completed by an owner or other influential person of the borrower guaranteeing the debt of the borrower. It is completed by the lender for the benefit of the Agency.

Form RD 4281-12, "Assignment Guarantee Agreement"(OMB No. 0570-0077). 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 RD 4281-13, "Lender's Guaranteed Loan Payment to USDA"(OMB No. 0570-0077). This form is used by lenders to submit payments to the Agency when the Agency is a holder of all or a portion of the loan.

Form RD 4281-14, "Guaranteed Loan Report of Loss - Interest Loss/Recovery or Voluntary Payment"(OMB No. 0570-0077). This form is used by lenders to report an interest loss, recovery or a voluntary payment on a guaranteed loan to the Agency.

Form RD 4281-16, "Innovation Access Request" (OMB No. 0570-0077). This form is used by lenders to request access to the FSC online application system.

REPORTING REQUIREMENTS - FORMS APPROVED UNDER OTHER OMB NUMBERS

The responses and hours associated with each response on the following forms is reported under another OMB control number but have been included in the burden hours for this package.

SF-LLL, "Disclosure of Lobbying Activities" (OMB No. 4040-0013). Completed once, by the lender, at the time of application to obtain disclosure of lobbying activities on the part of the lender. RCF ID 202105-0570-014CF.

Form RD 400-1, "Equal Opportunity Agreement" (OMB No. 0575-0018). This form is completed once, at the time of application, by the applicant. It provides guidance to ensure compliance with Federal Equal Opportunity requirements for construction projects.

The responses and hours associated with each response on the following form is reported under another OMB control number. The hours have not been included in the burden hours for this package.

SEC Form 10-K, "Annual Report Pursuant to sections 13 or 15(d) of the Securities and Exchange Act of 1934". Publicly traded borrowers are required to provide this form, through the lender, to the Agency.

System for Award Management (SAM) Registration Representation and Certifications

These forms are not specifically required in the regulation as such the hours are not counted in the totals; however, the information contained in them is provided and certified to as part of the System for Award Management (SAM) Registration Representation and Certifications.

Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions" or other written documentation" (OMB No. 0505-

0027). This form certifies that the grantee 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” (OMB No. 0505-0027). This form, submitted by the grantee, 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.

RD Form 400-4, “Assurance Agreement”. (OMB No. 0575-0018). This form is executed by the grantee and outlines the activities they will undertake to ensure compliance with Title VI of the Civil Rights Act of 1964, 7 CFR Part 15, and Rural Business-Cooperative Service regulations.

Form AD-3030, “Representations Regarding Felony Conviction and Tax Delinquent Status for Corporate Applicants,” and AD-3031, “Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applicants,” (0505-0025), to be completed once at the time of application. These two forms are required by Public Law 112-55.

SF-424B, “Assurances – Non-Construction Programs”. (OMB No. 4040-0007). This is the standard form signed by applicants to provide assurances that they will meet certain requirements of OMB Circular A-102. This form is specific to projects with no construction component. This form is not specifically required in the regulation; however, the information is provided and certified to as part of the System for Award Management (SAM) Registration Representation and Certifications.

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

The FSC program requires application submission via an online application system. The use of this system allows the Agency to receive the applications electronically. Applicants who receive funding will be encouraged, but not required, to submit, as applicable, performance reports, and the annual status reports electronically. As such, all reporting requirements noted above, both written/non-forms and forms approved under other OMB control numbers, can be submitted electronically through online systems. 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.

The Agency is utilizing existing forms used in current Rural Development guaranteed loan programs as much as possible. 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. The Agency estimates less than 20% of FSC grant applicants are small businesses.

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. FSC has no requirements to retain records for more than three years.
 - e. Not using statistical sampling. There are no such requirements.
 - f. Requiring use of statistical data classification that has not been 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.

A 60-day notice was published on December 9, 2021 at 86 FR 70086. The comment period has expired with no public comments regarding the data collection received.

Ramp-up for this program has been slower than expected and only two individuals were available to provide comments; however, they are substantive comments and the Agency is working with both individuals to improve processes.

Senior Vice President
Ameris Bank
Atlanta, GA
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What is your perception on the amount of paperwork required?

I think the amount of paperwork required is reasonable, I would suggest not requiring a feasibility study for every request. Obviously if it is a new company, or an expansion/debt level where the borrower can't show the historical cash flow ability to cover the debt service. In this case the borrower is a well established company that could show the historical ability to provide the cash flow coverage required so the feasibility study added 4 weeks to the pre-application timeline. My only thought is if the Agency needs the studies to reflect the impact the funds are having to expand the food supply then I can understand the blanket requirement, but I wish there was a different way to gauge that metric.

How long did it take to complete?

This is a little different for me, I had begun working on a B&I gty loan for this borrower in later September so by the time the FSCG was released most of my work had been completed. I did have a very difficult time convincing the borrower to switch from the B&I to FSC even though they were saving roughly \$725,000. The reason was the inflationary cost of their building materials and labor had gone up by 25% (from \$16MM to \$20MM) from early 2021 to September so not having to rebid the project and meeting the General Contractor's timeframe and check points was paramount for them. The reason they finally agreed to switch the first week of January was because they were going to have to amend agreements with their customers to require the customers to advertise the meat they were purchasing was locally and regionally sourced (as required in the geographic eligibility exception for food aggregators, processors, etc). They determined that would take them longer to accomplish than the 4 weeks for the feasibility study. So 8 months total (not all delayed by USDA, most of on our end gathering standard information) but 4 months in the FSC process.

How was the process?

This was the best process experience I have had with the USDA (although I would say equal to working with Bruce Pleasant and Lisa in NC where I did most of my USDA loans) without question. Robin Moore and Shaun Stehr were beyond awesome, I always knew exactly where the loan was in the process they would ask me questions in line with their work (as opposed to stopping everything for one or two questions that weren't going to change the outcome). I wish I could just request working with Shaun with every request, fortunately I get to with Robin and she is really great. They provided me regular updates on the environmental review without me having to ask for updates. They really were on top of it and awesome. Robin has been since I began working with her, every ongoing review update or question I have she gets a response to me typically within an hour but certainly within 24 hours which is reasonable. In my experience the addition of the CRM's is the single best thing RD has done. I did my first USDA loan around 2003, so I have a little experience with the programs processes. I always stuck to NC because of how easy they were to work with, but with the CRM's I have no reservations lending in any state or territory.

President
Community State Bank
Spencer, IA
<https://www.ecommunitybank.org>

1. What is your perception of the paperwork required?

The paperwork was straightforward although many of the documents were borrowed from other programs and are difficult to find online. They also have several areas including the underlying names of the documents that still use the B&I designated form number rather than the FSC form numbers.

2. How long did it take you to complete?

We initially learned about the program on 1-5-2022, had our PER submitted on 2-9-22 and received first questions back on 2-14-22 and notification it was eligible on 2-22-22. We then ordered feasibility study, RE appraisal, equipment appraisal, RE appraisal review, environmental checklist, NEPA letter and had them all set to arrive before end of quarter. We received all of them and then submitted our application on 3-25-22. There were some questions that needed to be clarified that came on 3-30-22 at 5pm which then pushed our application past the 90 day financial period. So we had to have the borrower's accountant close out the quarter-end, spread the financials, re-write the loan narrative, and put the information into a format that was more friendly to the underwriter (which was fine, but we weren't allowed the excel format so we had to recreate it from scratch). We resubmitted the updated financials and narrative on 4-11-22, then had two subsequent updates to the narrative on 4-13 and 4-18. Our hope was to be able to close prior to the Fed Meeting where we knew they would raise rates. Essentially each .25 rise in the rate costs our borrower \$27,750 in interest per year. We received conditional commitment on 5/10, but it had a major error (in our view) of requiring a Phase I environmental, which would have been ordered months ago if we would have been told it was required. After having several of our questions answered throughout the application process that a Phase I wouldn't be required, the CC had it being required. We applied to have several changes made, including the Phase I requirement waived for this process. We hope an exception could be made for this specific borrower and this specific project since it will be at least 8 weeks to have the phase I

completed and will cost them the Phase I PLUS an increase in interest costs of an estimated \$55,500/yr. We hope to receive the revised commitment by Thursday 5-19 and close on 5-23-22.

3. **How was the process?** See above

4. **Any other information you would like to share?**

The people involved in this process were excellent to work with. We often commented in our office that it felt like they were building the bike as we were riding it. N/O staff were great resources at the beginning of the process. State Office Staff was great to work with, but I felt like her hands were tied in several ways to prevent us from making her job easier (not being able to share spreadsheets for collateral, pre/post-closing fund application worksheet, Debt-Service Coverage Ratio worksheet, etc.). If we could have access to some of the same tools and layouts the underwriters had, we could compile that information so that it would be uniform and allow them to process applications more efficiently. Plus having the layouts and sheets that the USDA uses helps lenders look at the process and understand it better. The State Environmental Coordinator at the State Environmental Office was very responsive. The Area Office is a great person to talk to (and vent frustrations to – Sorry John!) about the process and improvements/changes that can be made.

I do hope that our borrower is allowed the exception of the Phase I in this instance due to the information provided during the PER, and Application that negated having one. If this requirement is kept, then we should have not went the FSC route since the delay will end up costing the borrower more than the B&I guaranty fee in three years due to increased interest rate costs due to the rising rate environment. In any case, I hope you send an email out to lenders like you did so that if they use Real Estate, they can order a Phase I now, rather than waiting to see the conditional commitment and have their stomach's sink and added stress at that time. It will potentially save their borrowers millions in interest and time.

Other than this one issue, we have had a great Guinea pig experience. We are happy to be a first of this program and couldn't think of a better candidate than a Latino American immigrant that built his business from the ground up, supplying local dehydrated eggs from rural Iowa to the Navy, Army, and citizens everywhere.

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 estimated average annual burden associated with the FSC program. The attached spreadsheet provides the specific estimates.

Burden Item	Estimated Yearly Average Burden
Number of respondents:	4,919
Annual responses:	6,227
Total hours:	16,085
Cost per hour:	\$39.85
Total annual cost:	\$640.994

The wage rate utilized in the cost calculation are based on the Bureau of Labor Statistics, National Employment and Wage Estimates United States retrieved from recent \$/hr data from https://www.bls.gov/oes/current/oes_nat.htm/ as requested and calculated private sector loan officer \$/hr @ \$30.75 + 29.6% benefits = \$39.85/hr.

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 annual cost to the Federal Government to administer the program is estimated to be \$1,224,855 per fiscal year (see table). As the program will be administered in the National Office by a Program Analyst, [Salary Table 2021-DCB](#) of the general schedule for a GS-13, step 5 for the Washington-Baltimore-Arlington, DC-MD-VA-WV-PA locality area was used for wage calculation purposes. The cost of total benefits as a percentage of total hourly compensation for Federal Government employees has been calculated by multiplying 36.25% by the hourly OPM wage in accordance with OMB Memorandum M-08 13.

Position	Salary GS13 Step 5	Benefits	TOTAL
Program Analyst	\$55.75	\$20.21	\$75.96

Breakdown of Annual Cost by Activity:

Activity	Number	Hours per Item	Total Hours	Rate	Total Cost to Government
Review Preliminary Eligibility Review	150	3	450	\$75.96	\$34,182
Review and Score Applications	300	40	12,000	\$75.96	\$911,520
Issuance of Conditional Commitment	300	3	900	\$75.96	\$68,364
Awards (obligations)	300	2	600	\$75.96	\$ 45,576
Review Request and Issuance of Loan Note Guarantee	300	3	900	\$75.96	\$68,364
Routine Servicing	300	4	1200	\$75.96	\$91,152
Delinquency Servicing	15	3	45	\$75.96	\$3,418
Appeal Request	3	10	30	\$75.96	\$ 2,279
TOTAL	1668	68	16,125		\$1,224,855

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

The major reason for the reduction in estimated burden hours from 17,241 to 16,085 is the slow ramp-up of this program. The Agency has heard repeatedly that applicants are interested in the program but are unable to find lenders that are interested or understand the business line. The reduction in total cost from \$827,761. To \$640,994 is due to the ramp-up issue but also a change in the cost per hour due to Department of Labor wage data updates.

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.

RBS is not seeking approval for this item.

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 United States Department of Agriculture (USDA) customers. USDA continuously strives to improve customer service, including facilitating one stop service for greater customer convenience in accessing USDA programs.