

2024
SUPPORTING STATEMENT
0572-0126
7 CFR Part 1744, Subpart B,
Lien Accommodations and Subordination Policy

A. JUSTIFICATION

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

This package is being submitted under a regular clearance as an extension of a currently approved collection. The annualized burden estimate for this package has increased from 1.5 hours to 18 hours. The increase was due to an increase in the estimated number of respondents from 1 annual respondent to 12 annual respondents.

In order to facilitate supplemental financing for telecommunications services projects, Rural Utilities Service (RUS) provides fast track lien accommodations to private lenders who propose to lend to RUS borrowers who meet certain financial strength evaluations. To facilitate the financing, RUS will consider accommodating the Federal Government's lien on telecommunications borrowers' systems in an expedited manner based on the financial strength of the borrower's operations as authorized by the Rural Electrification Act of 1936 (RE Act). This collection of information is to ensure that the criteria for fast track lien accommodation are met.

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 collected in this information collection package is received from RUS telecommunications borrowers. The policy of considering Lien Accommodations will continue to facilitate funding from non-agency sources in order to meet the growing capital needs of rural broadband providers. Depending on the purposes for which a lien accommodation is sought, RUS will utilize the information to provide an expedited approval for borrowers that meet the financial tests described in this rule. RUS believes that borrowers that are financially sound should be afforded more flexibility with regard to financial arrangements with outside lenders for the purpose of promoting rural telecommunications. The tests are designed to ensure that the financial strength of the borrower is more than sufficient to protect the government's loan security interests; hence, the lien accommodations will not adversely affect the government's financial interests.

There are different types of certifications used in the varied circumstances:

No Form - Statement, Certification, and Agreement of Borrower's President of Board of Directors Regarding Refinancing and Refunding Notes Pursuant to 7 CFR 1744.30(c) (Appendix A): This certification is used when a borrower proposes to refinance existing debt with a new loan.

No Form - Certification of Independent Certified Public Accountant Regarding Notes to be Issued Pursuant to 7 CFR 1744.30 (Appendix B) and Statement, Certification, and Agreement of Borrower's President of Board of Directors Regarding Notes to be Issued Pursuant to 7 CFR 177.30(d) (Appendix C): These are used when a borrower seeks a lien accommodation on assets that it will own directly and purchased with private lender funds.

No Form - Certification of Independent Certified Public Accountant Regarding Notes to be Issued Pursuant to 7 CFR 1744.30 (Appendix D) and Statement, Certification, and Agreement of Borrower's President of Board of Directors Regarding Notes to be Issued Pursuant to 7 CFR 1744.30(e) (Appendix E): These are used when a borrower's subsidiary will be the owner of assets that are being financed by a private lender for which the lien accommodation is requested.

Supplemental Mortgage (Appendix F): *This is not required by RUS.*

It is only necessary if the borrower's private lender requests a supplemental mortgage be executed. The agency has provided a format acceptable to it for the borrower's convenience.

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 meeting the requirements of the E-Government Act, which requires government agencies in general to provide the public the option of submitting information or transacting business electronically to the maximum extent possible. Borrowers may obtain the certification forms via electronic means from the RUS web site or by contacting the agency. Since certification and original signatures are required, borrowers must submit the forms in paper copy to the agency. Please note that these forms can be mailed to the appropriate office.

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 documentation required is associated with particular requests and pertains to specific borrower lien accommodations. The required information is submitted only at the time a borrower requests a lien accommodation, therefore, no previous information for the transaction would exist.

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.

According to the Table of Small Business Size Standards established by the Small Business Administration (SBA) which is matched to the North American Industry Classification System (NAICS) for industries, 100 percent of the respondents for this collection are considered small businesses (under 1,500 employees). RUS makes every effort to ensure that the burden on both large and small entities is the minimum necessary to attain the objectives set out in Item 2. The use of the standard forms described in response to Item 2, above, offers substantial savings to small 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.

This information collection occurs only at the request of a borrower seeking a lien accommodation from the government. There are no consequences to the government if borrowers do not seek a lien accommodation under this methodology.

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 requirements for respondents to report more than quarterly.

b. Requiring written responses in less than 30 days.

There are no requirements for written responses in less than 30 days.

c. Requiring more than an original and two copies.

There are no requirements for more than an original and two copies.

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

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

e. In connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study.

This collection is not a survey.

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 that is not supported by authority established 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.**

No pledge of confidentiality is required.

- 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 permitted by law.**

There is no requirement for submission of 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 requesting comments was published in the *Federal Register* on October 20, 2023 at 88 FR 72422. No comments were received.

RUS maintains close contact with borrowers through General Field Representatives (GFRs) and headquarters staff on a weekly basis and suggestions are always considered by the Agency. RUS also conducts seminars for its borrowers and associated organizations.

RUS contacted the following recipients of a telecommunications lien accommodation:

Emily Gulick
Chief Financial Officer
3 Rivers Telephone Cooperative, Inc.
202 5th Street S.
Fairfield, MT 59436

Ms. Emily Gulick was contacted regarding the Lien Accommodation that was approved for 3 Rivers Telephone Cooperative, Inc. Ms. Gulick expressed that the information collection requirements were time consuming, but reasonable.

Jason McKee
Chief Financial Officer
UBTA-UBET Communications, Inc.
211 E 200 N

Roosevelt UT, 84066

Mr. Jason McKee was contacted regarding the Lien Accommodation that was approved for UBTA-UBET Communications, Inc. Mr. McKee expressed that the information collected by the Agency in response to his lien accommodation request was reasonable and in-line with expectations. Mr. McKee recommended that the Agency create an online portal to accept lien accommodation requests and explore additional ways to streamline the overall process.

Kevin Cabbage
Chief Executive Officer
Farmers Mutual Telephone Company of Stanton Iowa
410 Broad Ave.
Stanton, IA 51573

Mr. Kevin Cabbage was contacted regarding the Lien Accommodation that was approved for Farmers Mutual Telephone Company of Stanton Iowa. Mr. Cabbage and his team shared that the information collection was in line with expectations and the information requested was reasonable. Mr. Cabbage and his time also expressed that lien accommodations could be processed more quickly. Farmers Mutual Telephone Company had its initial lien accommodation request quickly approved and processed; however, a modification was needed to the request and has taken a significant amount of time to process.

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

Payments or gifts are not provided to respondents.

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

No assurances of confidentiality have been provided to respondents.

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.

This collection does not contain questions of a sensitive nature.

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

Summary Burden Table					
# of Respondents	# of Responses per Respondents	Total Responses	Burden Hours per Response	Total Annual Burden Hours	Total Annual Cost
12	3	36	.50	18	\$ 1,376

Due to the implementation of the ReConnect Program, RUS has experienced an increase in lien accommodation requests from borrowers. RUS estimates that approximately 12 borrowers will request lien accommodations annually.

As indicated in the spreadsheet, some borrowers will request lien accommodations for refinancing, using Appendix A; some borrowers will request a lien accommodation on assets to be owned at the borrower level, using Appendices B and C; and some borrowers will request a lien accommodation for assets to be owned at the subsidiary level, using Appendices D and E. Respondents will fill out the appropriate certification(s) and statement(s) using information readily available on the books of the borrower. Upon receipt of the appropriate certification, approval will be granted. For borrowers that are financially sound, lien accommodations can be approved automatically, at a substantial time (and value) saving to the borrower.

A respondent's estimated annual cost of providing information is \$114. The national mean hourly wage of \$59.07 for General and Operations Managers (Occupational Code, 11-1021), according to the U.S. Department of Labor Statistics¹, National Occupational Employment and Wage Estimates - United States, May 2022, was used to calculate the cost. For total hourly wage cost 29.5% of the hourly wage was added (\$17.42) and hourly wage multiplied by 1.5 hours. The total estimated annual cost for all 12 respondents is \$1,376.

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers 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 cost components with this collection.

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

There are no operational or maintenance or purchase of services components with this collection.

¹ The National Occupational Employment and Wage Estimates referenced were found online at the following address: <https://www.bls.gov/oes/CURRENT/OES111021.htm>. Information for benefit calculation was located at the following BLS web address: <https://www.bls.gov/news.release/ecec.nr0.htm>.

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

The estimated annualized cost to the federal government is \$15,099. Wage rates used to calculate federal cost were found at Office of Personnel Management, 2023 General Schedule Tables. The review of loan accommodations are performed by a Loan Specialist (GS 13/Step 5, \$60.83 per hour). Total wage cost including benefits² is \$82.88 per hour. The approval of loan accommodations are performed by a Branch Chief (GS 14/Step 5, \$71.88 per hour). Total wage cost including benefits³ is \$97.93 per hour.

The RUS Loan Specialist conducts a comprehensive review of the submitted lien request materials. The RUS Branch Chief verifies that the certifications are correct and completes the processing by filing the necessary paperwork in the official files of borrower. It is estimated that 15 hours are required to complete processing at a cost to federal government as follows:

Approval of One Lien Accommodation:

GS 13 Loan Specialist review: 14 hrs @ \$82.88/hr.= \$1,160.32

GS 14 Branch Chief approval: 1 hr @ \$97.93/hr.= \$97.93

Total annualized cost = \$1,258.25 x 12 = **\$15,099**

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

There is an increase in annual burden hours due to an increase of respondents from 1 to 12, resulting in an increase of 35 responses and an increase of 17 burden hours.

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

There are no plans for publication.

² Benefits for Federal Government employees was calculated using the cost factor of 36.25% in accordance with OMB Memorandum M-0813.

³ Benefits for Federal Government employees was calculated using the cost factor of 36.25% in accordance with OMB Memorandum M-0813.

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.

No such approval is sought.

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

There are not exceptions to the certification statement.