

**U.S. Department of Agriculture
Commodity Credit Corporation
Farm Service Agency
OMB Number: 0560-0215**

**Representations for CCC and FSA Loans and Authorization to File a Financing Statement
under the Revised Article 9 of the Uniform Commercial Code**

TERMS OF CLEARANCE: In accordance with the terms of 5 CFR 1320, this collection is approved for a period of three years. At the end of that period, USDA should have developed a process for obtaining signatures electronically, allowing this information to be collected in that format.

CCC is requesting an extension on the term of the clearance to fully complete this task.

The CCC-10, Representation for CCC and FSA Loans and Authorization to File a Financing Statement, gives CCC and/or FSA the authority to file a financing statement for a Commodity Credit Corporation (CCC) or Farm Service Agency (FSA) loan that has been requested by the individual signing the form. A UCC-1 is a financing statement that is a legal form that a creditor files (in this case CCC or FSA) to give notice that CCC or FSA has or may have an interest in the personal property (loan collateral) of a debtor (agricultural producer). The financing statement is generally filed with the office of the state secretary of state in the state where the individual resides or the business organization is incorporated or organized.

A number of States presently allow for these financing statements (UCC-1's) to be filed electronically with additional States introducing this option every year. The fee charged for electronically filed financing Statements typically is less than the fee for filing the original paper UCC-1.

While the CCC-10 can be faxed to the FSA county office or scanned and electronically sent, laws in some states require an original signature on a form, allowing for the electronic filing of a financing statement. The CCC-10 is used by CCC/FSA for the signatures and also for the producer's full legal name and residence. In states not set up for the electronic filing of UCC documents, the producer's signatures are required on their applicable UCC forms.

Each state enacts its own laws specific to financing statements and UCC documents although the statutes are becoming more standardized across state lines. CCC/FSA will develop a plan to allow for electronic signatures on the CCC-10 in states that allow for electronic signatures on UCC financing statements or authorizations.

Purpose:

The purpose of this document is to request an extension of a currently approved information

Supporting Statement for Paperwork Reduction (Continued)

collection. The current approval expires on October 31, 2014.

This information collection package is necessary to obtain continued approval for form CCC-10, Representations for Commodity Credit Corporation or Farm Service Agency Loans and Authorization to File a Financing Statement and Related Documents, which is used to gather information from Commodity Credit Corporation (CCC) and Farm Service Agency (FSA) loan applicants. The information is used to: (a) gather or verify basic data regarding the applicant which is required on a financing statement; and (b) to obtain their permission to file a financing statement prior to the execution of a security agreement.

Supporting Statement for Paperwork Reduction

Justification

- Explain the circumstances that make the collection of information necessary.**

CCC and FSA programs require loans be secured with collateral. The security interest is created and attaches to the collateral when: (1) value has been given, (2) the debtor has rights in the collateral or the power to transfer rights in the collateral, and, (3) the debtor has authenticated a security agreement that provides a description of the collateral. In order to perfect the security interest in collateral, a financing statement must be filed according to a State's Uniform Commercial Code. This action 'perfects' the security interest and legally allows the lender to foreclose upon and liquidate the collateral in the event the borrower defaults on a loan. The revised Article 9 affects the manner in which CCC and FSA, as well as any other creditor, perfect and liquidate security interests in collateral.

The information obtained on CCC-10 is needed to not only obtain authorization from loan applicants to file a financing statement without their signature, but also to verify the full legal name and location of the debtor. For most FSA programs, an applicant is identified by using their social security number or a tax identification number. While most FSA program applicants already have their name and identification number data on file with the FSA County Office, verification of this data is critical when it comes to financing statement transactions, because the applicant's exact legal name must be entered on the financing statement under the revised Article 9, revised in 1998. Before form CCC-10 was developed and approved for use, this information was not required by either CCC or FSA. Also under revised Article 9, the debtor's location or primary residence, rather than the location of collateral, now determines the place to file a financing statement. The debtor's location is its place of business, or the location of the chief executive office, if the debtor has more than one place of business. However, if the borrower is an entity which must register to come into existence, (e.g. corporation, Limited Liability Company, limited partnership) its location is the state in which the entity was organized.

Without obtaining the information from loan applicants, CCC and FSA would be unable to

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perfect a security interest in collateral used to secure loans. However, CCC and FSA limit the use of CCC-10 to the extent possible. For example, the application form for a Farm Loan Programs (FLP) loan (FSA-2001, approved under 0560-0237) includes the collections for the applicant's "exact legal name" and location. In addition, FSA-2001 includes the authorization to file a financing statement prior to the execution of a security agreement in the existing certifications and authorizations. As a result, form CCC-10 will only be used for an FLP loan when an individual other than the applicant will be pledging security for the loan. This significantly decreases the use of the form for FLP.

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

Producers applying for CCC or FSA loans at USDA Service Centers, peanut Designated Marketing Associations (DMA's), and cotton Loan Servicing Agents (LSA's) will be asked to provide certain information on Form CCC-10. They may also obtain the form at the USDA eForms website, fill it out, and submit it to the appropriate person at the USDA Service Center, DMA, or LSA. Form CCC-10:

- serves as CCC or FSA's notice of intent to perfect its security interest
- identifies the debtor's exact full legal name, primary residence, and if the debtor is an entity, the type and location of the entity
- authorizes CCC or FSA to file financing statements prior to the execution of a security agreement.

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.

The form and instructions to fill it out is available through the USDA eForms web site. Currently, a completed CCC-10 cannot be submitted electronically with a digital signature because the form may require multiple signatures. However, CCC-10 can be accepted by fax or scanned and electronically sent.

4. Describe efforts to identify duplication.

Some of the information collected on CCC-10 may already be available at the county office in the form of information gathered to make payment limit determinations. However, an applicant was previously not required to provide their full legal name. Therefore, the information gathered on the CCC-10 will serve to verify and/or update the information already on file. Also, the CCC-10 is a combined effort between CCC and FSA to gather information that can be used for five FSA loan programs, thus eliminating the need for a separate form for each loan program.

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

CCC-10 is identical for all applicants without regard to their volume or business. Therefore, no additional burden is being placed on businesses of any particular size. The number of small businesses or entities is 900 in this collection of information.

6. **Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently.**

All information will be collected the first time a producer applies for a CCC or FSA loan. If the information has not changed, for subsequent loan applications there is no need to gather it again. If this information is not collected, CCC and FSA will not be able to disburse loans because a security interest would not be perfected.

7. **Special circumstances.**

Any special circumstances that would cause an information collection to be conducted in a manner:

- requiring respondents to report information to the agency more often than quarterly; There are no circumstances that would require information more than quarterly from an applicant.
- requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it; There are no circumstances that would require a respondent to prepare a written response to a collection of information in fewer than 30 days after receipt.
- requiring respondents to submit more than an original and two copies of any document; There are no special circumstances requiring respondents to submit more than an original and two copies of any document. In most situations, only the original, faxed or scanned copy is required.
- requiring respondents to retain records, other than health, medical, government contract, grain-in-aid, or tax records for more than three years; There are no special circumstances requiring respondents to retain records, other than health, medical, government contract, grain-in-aid, or tax records for more than three years.
- using statistical sampling, that is not designed to produce valid and reliable results that can be generalized to the universe of study; There are no special circumstances that would be used in connection with a statistical survey.

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- requiring the use of a statistical data classification that has not been reviewed and approved by OMB; There are no special circumstances that would require the use of a statistical data classification that has not been reviewed and approved by OMB.
- requiring a pledge of confidentiality; There are no special circumstances that include a pledge of confidentiality that is not supported by authority established in statute or regulation.
- requiring respondents to submit proprietary trade secret; This agency protects confidentiality to the extent permitted by law.

8. Federal Register Notice, Summarization of Comments and Consultation with Persons outside the Agency.

A Federal Register notice was published on June 9, 2014, at 79 FR 32907 announcing FSA's intention to renew a currently approved information collection. No comments were received in response to the Federal Register request for comments. The form was also sent to: Mr. Bernie Bellcock, Security Trust and Savings Bank, PO Box 429, Storm Lake, Iowa 50588; Mr. Sam Willet, National Corn Growers Association, Suite 600, 20 F Street NW, Washington, D.C. 20001, and Michael H. Gerhart, Susquehanna Bank, PO Box 580, Blue Ball, PA 17506. There were no comments received from these three individuals.

9. Explain any decision to provide any payment or gift to respondents.

Respondents may be eligible for loan benefits under the applicable loan program and will be subject to the applicable loan eligibility requirements. No other incentive will be provided for completing CCC-10.

10. Confidentiality Provided To Respondents.

All information collected will be treated as confidential throughout FSA, as indicated on the form, and in conformance with the Privacy Act and Freedom of Information Act. The information collected in this ICR are described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated) and USDA/FSA-14, Applicant/Borrower.

11. Questions of a Sensitive Nature.

There are no personal questions of a sensitive nature, such as sexual preference, religious beliefs, and other matters that are commonly considered private. Although some loan applicants may

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consider their farm operating information to be sensitive information, that information is fundamental to the perfection of a security interest in collateral and is required under the Uniform Commercial Code. CCC and FSA will be unable to approve a loan without the information.

12. Estimates of Burden.

See the attached FSA-85-1 for a burden break down for the form.

The three programs that use the CCC-10 are CCC marketing assistance loans, CCC Farm Storage Facility Loans, and FSA Farm Loan Programs. Farm Loan Programs includes direct operating, farm ownership, and emergency loans. Both marketing assistance loans and farm storage facility loans are exempt from the provisions of the Paperwork Reduction Act as specified in section 1601(c)(2)(B) of the Agricultural Act of 2014 (Pub. L. 113-79, Title 1 Subtitle F Administration). As stated on the CCC-10, CCC and FSA continue to use the information on the CCC-10 for future loans until the signer of the form notifies CCC or FSA of any changes. However, new applicants for any CCC and FSA loans must submit a CCC-10.

Accordingly, the average annual number of respondents using the CCC-10 for Farm Loan Programs is estimated at **2,148 annual respondents**.

The total annual burden associated with applicant's preparing the form is estimated to be 178 hours. This was calculated based on 2,148 respondents taking five minutes (.083/hour) to complete the form for CCC and FSA programs. $(2,148 \times .083/\text{hour} = 178 \text{ hours})$ It is estimated that these applicants will travel one hour (round trip) to the Service Center to apply for loan programs. This results in additional 2,148 hours in travel time.

Estimated annual cost to the public is \$47,938.86 which is based on the annual burden of 2,326 $(2,148 + 178)$ hours times an average hourly wage of \$20.61 $(2,326 \text{ hours} \times \$20.61 = \$47,938.86)$. The average hourly wage of \$20.61 was obtained from a publication by the Bureau of Labor Statistics, U. S. Department of Labor (USDOL-14-1548) released August 19, 2014. This is the average hourly earnings on private nonfarm payrolls but was used because figures showing total farm income include a large portion of off-farm income which can inflate the total hourly earnings of the majority of loan applicants.

13. Total Annual Costs Burden to Respondents.

This information collection and reporting burden does not impose any burden cost on respondents for capital, start-up, operation, maintenance, or the purchase of services.

14. Estimated Annual Cost to the Federal Government.

The estimated annual cost to the Federal Government is \$4,266.44 $(\$472.56 + \$3793.88)$ based

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on the following cost components:

- Cost for printing of application and instruction page is estimated at \$472.56. This figure is based on a cost of \$.11 for each application form and the instruction page attached to the form. (2,148 applicants x 2 pages x \$.11 = \$472.56.)
- The cost of gathering, maintaining, retrieving, and disseminating the data is \$3,793.88. This figure is based on requiring at least 5 minutes (.083/hour) per response times the average FSA employee wage of \$21.28. (2,148 applicants x .083/hour x \$21.28 = \$3,793.88.) The average FSA field employee wage was obtained from the office of FSA's Deputy Administrator for Field Operations and is Grade 7 Step 5.

15. Change in Burden.

There is a substantial change in the total burden for the CCC-10 this year because the MAL and FSFL programs are not included as they had been in the past. Both of these programs are exempt from the provisions of the Paperwork Reduction Act as specified in section 1601(c)(2) (B) of the Agricultural Act of 2014.

Also, the number of respondents for the FSA farm loan programs that use the CCC-10 decreased slightly. Producers are required to file CCC-10 only if doing so for the first time or if any of the data on a previously submitted form has changed. Therefore, unless the producer is new to CCC or FSA loan programs or if any of the data applicable to the form has changed based upon a quick review of the data by the applicant, the CCC-10 is carried forward from one year to the next.

16. Tabulation, Analysis, and Publication Plans.

The information collected is not planned for publication.

17. Reasons Display of Expiration Date of OMB Approval is Inappropriate.

The agency is seeking continued approval to not display the OMB expiration date on form CCC-10. This form is now available on a public eForms web site and on an intranet site available to only FSA employees. Forms may be revised prior to the OMB expiration date. When revisions occur, field offices are advised to discontinue use of any existing stocks and to use the new version of the form. The Agency is concerned that outdated forms could be inadvertently used by some employees who may assume the form remains valid until the OMB date expires.

18. Exceptions to 83-I Certification Statement.

The agency is able to certify compliance with all provisions under Item 19 of OMB Form 83-I.

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19. How is this information collection related to the Customer Service Center? Will this information be part of their one stop shopping?

Yes, this information is part of one-stop shopping at a USDA Service Center because both CCC and FSA loan programs are available to producers through USDA Service Centers. A CCC-10 used for a CCC program should provide the same information required for a FSA funded loan application. Also, the application form and instructions are available through the USDA eForms web site.