

January 2007

SUPPORTING STATEMENT

7 CFR PART 3550, "DIRECT SINGLE FAMILY HOUSING LOAN AND GRANT PROGRAMS," HB-1-3550, "FIELD OFFICE HANDBOOK" AND HB-2-3550, "CENTRALIZED SERVICING CENTER HANDBOOK"

A. Justification.

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

The Rural Housing Service (RHS) is the credit agency for rural housing and community development within the Rural Development mission area of the United States Department of Agriculture. RHS was formerly known as the Rural Housing and Community Development Service (RHCD), and the Rural Development mission area was formerly known as the Rural Economic and Community Development (RECD) mission area. RHS is a successor Agency to the Farmers Home Administration (FmHA).

The regulation prescribes the policies and responsibilities, including the collection and use of information, necessary to administer the direct Sections 502 and 504 programs. The Handbooks provide administrative guidance and include the collection and use of information necessary to administer the direct Sections 502 and 504 programs. Section 501 of Title V of the Housing Act of 1949, as amended, authorizes the Secretary of Agriculture to administer such programs and to prescribe regulations to ensure that these loans and grants provided with Federal Funds are made to eligible applicants for authorized purposes, and that subsequent servicing and benefits provided to borrowers are consistent with the authorizing statute.

RHS offers a supervised credit program to extend financial assistance to construct, improve, alter, repair, replace or rehabilitate dwellings, which will provide modest, decent, safe, and sanitary housing to eligible individuals living in rural areas. To assist individuals in obtaining affordable housing, a borrower's house payment may be subsidized to an interest rate as low as 1%. The amount of subsidy is based on the borrower's household income. The information requested by RHS is vital to be able to process applications for RHS assistance and make prudent credit and program decisions. It includes borrower's financial information such as household income, assets and liabilities and monthly expenses. Without this information the Agency would be unable to determine if a borrower would qualify for services or if assistance has been granted to which the customer would not be eligible under current regulations and statutes.

The Agency also encourages its customers to leverage our mortgage financing with that of other lenders to assist as many customers as possible within our limited resources. In many cases, another lender will participate with RHS (providing a part of the applicant's total loan request) and the other lender will share its loan underwriting documentation, with the customer's consent, to reduce duplication. Through our work with participating lenders, the Agency keeps abreast of information required by other lenders to ensure that RHS is not requiring unnecessary paperwork from its customers.

RHS services loans for their term (33 or 38 years), provides tools to assist the customer in becoming a successful homeowner by providing credit counseling, and offers many servicing tools including a moratorium (stop) on payments, modifications to payment subsidies to reflect changes in the customer's income, loan reamortization, payment workouts, etc. To obtain this assistance, the Agency must require certain information such as updated income and financial information to ensure the customer qualifies for the assistance, and is provided with the correct benefit based upon their circumstances.

Direct Single Family Housing (SFH) loans are only provided to customers who cannot obtain other credit for their housing needs. Customers are required by statute to refinance with another lender when they are financially able. To ensure the Agency meets its statutory responsibilities, existing customers may be requested to submit updated income and financial information for the Agency to make a determination as to whether they can "graduate" to other credit. In addition, should a customer default on a loan that results in liquidation, the Agency needs updated income and financial information to settle any outstanding indebtedness.

The RHS has nearly 388,000 direct Sections 502 and 504 loans with approximately 336,000 customers in its portfolio. In Fiscal Year (FY) 2004, the Agency made approximately 15,250 new direct Section 502 loans of which 5,110 were leveraged with other lenders, 5,700 new Section 504 loans and 6,290 Section 504 grants. Approximately 5,710 new homes were built with 250 coming from the manufactured industry. The Agency processed nearly 87,300 pre-qualifications by automation and paper applications. FY 2004 data used to respond to the questions for the paperwork burden documentation was unusual because the Agency had about 30% more funding than FY's 2003 or 2005. Calculations were based on the assumption of a \$1.1 billion 502 Loan Program.

Wherever possible, RHS utilizes industry standard forms and makes full use of our new expanded automation capabilities. For example, most forms which a current RHS borrower must complete for servicing purposes can be system generated by RHS and contain all relevant system information such as the borrower's account number, address, property description, real estate taxes, insurance, income data, etc., thereby reducing unnecessary burden imposed on our customers. This reduces the time it takes the public to complete required

information, reduces the need to stock forms throughout Rural Development offices, and results in cost savings to the public. RHS has greatly reduced existing information collection dockets through these methods.

In addition, the Farm Service Agency (FSA), also a successor Agency to FmHA, has direct loan programs to help farmers who are temporarily unable to obtain private, commercial credit. FSA has more than 75,000 direct loan borrowers in its portfolio. In FY 2004, FSA made approximately 17,500 direct loans and rescheduled approximately 3,200 borrowers under its loan servicing regulations. Like RHS, the information requested by FSA is vital to be able to process applications for assistance and make prudent credit decisions. Without this information, FSA would be unable to determine an applicant's eligibility under current regulations and statutes. Most information collections associated with FSA loan programs are approved under other OMB control numbers. FSA information collection in this package is limited to that obtained by the use of forms shared with Rural Development Agencies.

Finally, this package includes information collections of the Rural Business Cooperative Service (RBS), another successor Agency to FmHA, which uses a few of the forms on a very limited basis.

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

The information is collected from applicants, borrowers, application packagers, contractors, real estate brokers, employers, etc. In brief, all persons with any type of a pecuniary interest in that of an applicant or recipient of a direct SFH loan or grant. RHS and Rural Development staffs collect the information. RHS provides forms and guidelines to assist in the collection and submission of this information. In addition, other USDA Rural Development services, namely RBS and FSA, may use some of these forms for the administration of their programs. This is to avoid duplication of federal forms, especially by the same Department and where the same customer base exists. This information collection package includes the information collection burden for these shared forms of those Agencies.

The information collected is used by the respective Agency to verify program eligibility requirements; continued eligibility requirements for borrower assistance; servicing of loans; eligibility for special servicing assistance such as: payment subsidies, moratorium (stop) on payments, delinquency workout agreements; liquidation of loans; and, debt settlement. The information is also used to ensure that the direct SFH programs (or other USDA programs) are administered in a manner consistent with legislative and administrative requirements. The information is typically submitted via hand delivery or the U.S. Postal Service to the RHS/Rural Development/FSA office.

Specifically, the burden to be cleared with the Direct Single Family Housing Loan and Grant regulation and corresponding Handbooks are as follows:

FORMS CLEARED IN THIS DOCKET

Form RD 1940-43, "Notice of Right to Cancel"

Federal law requires that all parties entering into a transaction which results in a mortgage on their present home be notified of and given the right to cancel the transaction. This form provides the means for such a transaction to be canceled by the potential borrower. We estimated 5% of our 502 loans and 100% of our 504 loans made as junior liens for repairs would use this form. Approximately 6,460 borrowers would be effected. The 5 minute burden is still applicable. The total man-hours are estimated at 517.

Form RD 3550-1, "Authorization to Release Information"

This is an industry standard form on which an applicant certifies that all information furnished in connection with the loan transaction is true and correct, and provides authorization from the applicant for release and verification of any information contained in the loan application. The form has proved to be a time-saver for the applicant as well as the Agency. The estimated number of respondents is 87,290 annually requiring 5 minutes per respondent for a total of 6,983 man-hours.

Form RD 3550-2, "Request for Verification of Gift/Gift Letter"

This is an automated form that assists the applicant in documenting monetary gifts to cover costs in connection with the loan (i.e. loan closing costs). The estimated number of respondents is 40,100 annually requiring 5 minutes per respondent for a total of 3,208 man-hours.

Form RD 3550-4, "Employment Certification"

This form serves as a supplement to Form RD 1944-14, "Payment Assistance/Deferred Mortgage Assistance Agreement." In conjunction with the execution of Form RD 1944-14, borrowers sign this form verifying that they will notify RHS when they change or obtain employment. It is only used for customers with irregular or non-traditional income, such as unemployment benefits, workmen's compensation, part-time employment, etc., to serve as documentation that they must inform the Agency when their income stabilizes or changes to recalculate their payment subsidy. We estimate 20,960 respondents annually take 5 minutes to complete for a total of 1,677 man-hours.

Form RD 3550-6, "Notice of Special Flood Hazard, Flood Insurance Purchase Requirements, and Availability of Federal Disaster Relief Assistance"

This is an industry standard form. When applicable, the system will automatically generate this form which will notify the applicant that the property being financed is located in a flood hazard area. The form requires the signature of the applicant. The estimated number of respondents is 11,680 annually requiring 5 minutes per respondent for a total of 934 man-hours.

Form RD 3550-7, "Mortgage Loan Commitment"

This is an industry standard form, is system generated, notifies the applicant of loan approval, and stipulates any special conditions of the loan approval. The applicant signs the form agreeing to the terms set forth in the commitment. The Agency provides approximately 22,680 commitments each year. The estimated time for the customer to review and sign the document is 5 minutes for total man-hours of 1,814 annually.

Form RD 3550-9, "Initial Escrow Account Disclosure Statement"

This is an industry standard form, is system generated, and provides an applicant/borrower with a breakdown of his or her escrow payments. The customer signs the form acknowledging receipt of the statement. The estimated number of respondents is 16,386 annually requiring 5 minutes per respondent for a total of 1,311 man-hours.

Form RD 3550-10, "Condominium Rider," and Form RD 3550-11, "Planned Unit Development Rider"

These forms are used only for the few loans the Agency provides on condominiums or planned unit developments (PUD). These automated forms are used as a supplement to the mortgage or deed of trust to specifically define condominium and PUD covenants. The borrower's signature is required. We estimate 520 respondents annually using 5 minutes each for a total of 42 man-hours.

Form RD 3550-12, "Subsidy Repayment Agreement"

Borrowers are required to repay to the Government all or a portion of the subsidy received in connection with a Section 502 loan upon disposition or non-occupancy of the security. This form informs the borrower of this obligation to RHS. We estimate 15,250 respondents annually requiring 5 minutes to read and sign for a total of 1,220 man-hours.

Standard Form (SF) 5510, "Authorization Agreement for Preauthorized Payments"

This is a standard form widely used throughout the financial community. This form provides borrowers with the convenience of having their monthly mortgage payments automatically deducted from their bank account. The estimated number of respondents is 500 annually requiring 15 minutes per respondent for a total of 125 man-hours.

FORM RD 3550-23, "Applicant Orientation Guide"

To ensure that all loan recipients understand the financial obligations of homeownership, their responsibilities to RHS, and ensure their success at homeownership, an interview is required by all applicants before loan closing. Once an application has progressed to a reasonable chance of being closed, and before loan approval, RHS staff conducts the interview. The applicant must read, discuss program information with the Agency representative, comprehend, and acknowledge completion of the interview by signing the form. The estimated number of respondents is 22,710 annually requiring 30 minutes per respondent for a total of 11,355 man-hours.

Form RD 3550-24, "Grant Agreement"

This form is used by Section 504 grant recipients (persons 62 years of age or older) to formalize the requirement that if the customer's property is sold within 3 years of receipt of the grant, the grant must be repaid. RHS provides approximately 6,240 grants per year. The estimated time for completion is 5 minutes for total man-hours of 499 annually.

Form RD 410-4, "Application for Rural Assistance (NonFarm Tract), Uniform Residential Loan Application"

This form is the basic application for all single family housing loans and grants. It is an industry standard form (Uniform Residential Loan Application), with an attachment requesting minimal additional information specifically needed to apply for RHS program assistance. RHS receives approximately 87,290 rural housing applications per fiscal year. The applicant completes the form. Including the time it takes the applicant to research personal financial records, the form takes about 1.5 hours to complete. The form provides for itemization of federal debts and notifies the applicant of the consequences for not providing accurate or correct information that may result in denial of the requested credit. The estimated annual man-hours are 130,935.

Form RD 3550-34, "Option to Purchase Real Property" or other standardized sales contract

RHS requires, as do all lenders, a sales contract to formalize the transaction between the buyer and seller. RHS will accept any industry standard "sales contract." In some cases, the buyer and seller are not utilizing the services of a

real estate broker and do not have access to a standard sales contract. This optional form is available for those purposes. This Option Form has been redesigned to be applicable to the SFH Program only. Approximately 40% of RHS' applicants use the form provided by the Agency. Real estate agents, packagers, and sellers complete this form. The estimated number of respondents is 16,000 annually requiring 5 minutes per respondent, including assembling the property information, for a total of 1,280 man-hours.

Form RD 1910-5, "Request for Verification of Employment"

This form is the primary method of income verification for loan applicants, existing borrowers applying for or renewing interest credit assistance, reamortizations, and moratoriums. There are an estimated 100,000 RHS and 38,700 FSA respondents completing approximately 1 response during a 12-month period. A payroll clerk completes the form. The estimated time for completion is 15 minutes, including the time to review payroll records for income history for a total of 34,675 man-hours.

Form RD 1944-3, "Budget and/or Financial Statement"

Prior to 1996, this form provided financial information from RHS applicants and borrowers to determine repayment ability. The Agency now relies on the use of ratios for determining repayment ability. In isolated situations where ratios may not support loan eligibility, an applicant may elect to utilize this form to present financial data as supporting evidence for documenting repayment ability. In addition, Section 504 grant applicants use this form to demonstrate that they do not have repayment ability for a Section 504 loan.

This form is still used in limited loan servicing situations such as determining eligibility for certain type of moratoriums (stops) on payments, delinquency workout agreements, and the ability of a borrower to refinance to other credit. It is also used for credit counseling of borrowers who are having repayment problems, but may not qualify for servicing actions.

FSA's use of the form is limited to situations where jointly liable borrowers have divorced and one has withdrawn from the operation. FSA regulations require documentation that the withdrawing party does not have repayment ability for the loan or nonessential assets could be liquidated to reduce the loan amount.

This form is also automated so that customers can provide the information to RHS verbally and the form will be system generated. The estimated number completed annually is 19,975 by Rural Development and 25 by FSA. The estimated time for completion is 30 minutes for a total of 10,000 man-hours.

Form RD 1944-4, "Certification of Disability or Handicap"

This form is required from customers who indicate that they are disabled or handicapped and, as a result, are eligible for certain deductions from their income to determine the amount of payment subsidy. The information is required only when Social Security or State Review Board records are not available. Medical professionals, obtaining data from existing medical records, complete this form. The estimated number of respondents is 270 annually requiring about 15 minutes per respondent for a total of 68 man-hours.

Form RD 1944-5, "Rural Development Manufactured Housing Dealer-Contractor Application"

This form gathers information on an individual's qualifications to become a Dealer-Contractor for manufactured homes. The information provided establishes, after verification, that the dealer has a history of providing sound, decent and sanitary housing and can warrant the units sold. It is necessary to adequately protect the best financial interests of our customers and the government. We estimate the number of respondents as 100 annually with 30 minutes required per respondent for a total of 50 man-hours.

Form RD 1944-12, "Rural Housing Loan Application Package"

This form provides a checklist of the forms and other information required by RHS to obtain a loan. It is not required; however, it provides applicants and packagers with a handy checklist of the items necessary to apply for a loan. Approximately 10,700 customers complete the form annually. (Not all packages submitted result in a closed loan.) It takes approximately 15 minutes to complete this form, including the time it takes to assemble the required property information, for a total of 2,675 man-hours.

Forms RD 1944-6, 1944-A6 and 1944-B6, "Interest Credit/Deferred Payment Computation" or Form RD 1944-14, "Payment Assistance/Deferred Mortgage Assistance Agreement"

These forms determine the entitlement and amount of payment subsidy an applicant or borrower may receive. The forms also record the terms of the agreement between the applicant or borrower and the Agency regarding the assistance granted or repaid. The applicant provides information on income and other data. We estimate the number of respondents as 10,270 annually requiring 15 minutes per respondent for a total of 2,568 man-hours.

This form is now only used for new recipients of a payment subsidy. Previously, existing customers to renew payment subsidy used this form. This process is now substantially automated and completed through the use of Form RD 3550-21, "Payment Subsidy Renewal Certification."

Form RD 1944-36, "Application for Conditional Commitment"

Builders use this form to obtain approval for a new dwelling that will meet the Agency requirements upon completion. It is necessary to adequately protect the best financial interests of our customers and the Government. There are about 400 annual respondents requiring 30 minutes per respondent for a total of 200 man-hours.

Form RD 1944-60, "Landlord's Verification"

This form is used to verify an applicant's history of paying rent and is essential to determine the credit history of the borrower. This credit source is one of the most critical in loan underwriting. The form is only submitted to a landlord if they do not provide such information directly to a credit bureau. We estimate the number of annual responses as 41,270 requiring 5 minutes per respondent for a total of 3,302 man-hours.

Form RD 1944-62, "Request for Verification of Deposit"

This form is only used where the credit bureau report does not provide sufficient information on a customer's assets, or in the case of a loan servicing action, where a credit report is not required. The customer completes Part I of this form, signs it, and submits it to the bank where the applicant or borrower does business. A bank clerk completes Parts II and III of the form. Information provided determines the applicant's eligibility, repayment ability for a SFH loan or grant, availability of other credit, or to determine if a borrower could refinance to other credit. We estimate 8,730 annual respondents requiring 1 hour per respondent for a total of 8,730 man-hours.

Form RD 1951-34, "Direct Payment Plan Change"

This form reports a change in the borrower's payment plan. The form also provides for the signatures of annual payment borrowers who convert to a monthly payment plan. To assist borrowers in becoming successful homeowners, RHS desires to convert all non-farming, annual payment borrowers with monthly or weekly income to a monthly payment schedule. By converting these accounts to monthly payment schedules, a borrower has greater potential for success by resolving a default in less time. Annual pay borrowers have difficulty in overcoming a large deficit when servicing begins after one year. Furthermore, RHS can offer borrowers on monthly payment schedules additional servicing opportunities that are presently not available to annual payment borrowers (for example, delinquency workout agreements). Borrowers agreeing to change payment plans will sign this form. The estimated average burden is 5 minutes. We anticipate 100 respondents annually for a total of 8 man-hours.

Form RD 3550-18, "Reamortization Agreement"

Borrowers execute this form to reamortize their housing loan, which in many cases occurs after a moratorium has ended. On deferred mortgage borrowers, where up to 25 percent of the payment is deferred, the form includes information on the amount of principal and interest deferred at the time of the reamortization. Reamortization brings the account to a current status that allows proper pay-down of the loan balance. We estimate 2,750 forms are executed annually, with a completion time of 15 minutes per form, for a total burden of 688 hours.

Form RD 1955-1, "Offer to Convey Security"

This form is used when a borrower desires to convey title to their property to RHS, RBS, or FSA in full or partial satisfaction of their debt. It outlines the terms of the offer and constitutes the formal agreement between the Agency and the customer.

The Agencies need current financial information to determine the feasibility of collecting a deficiency and to assess debt settlement options including the release of the borrower from further personal liability. Customers only provide financial information when the value of the security property is less than the debt. Title work ensures a marketable title to the property, including the disposition of any liens. We estimate the number of annual responses for RHS at 35, RBS at 2, and FSA at 25 each requiring 15 minutes per respondent for a total of 16 man-hours.

Form RD 1955-42, "Open Real Property Master Listing Agreement"

Real estate brokers who desire to list RHS or RBS Real Estate Owned (REO) for sale must execute this form. It outlines the terms and constitutes a formal agreement between the Agency and the real estate broker. The broker and the Agency may agree to renewal of this agreement on an annual basis. The estimated time for completing the form is 30 minutes. We anticipate 100 annual respondents for RHS and 2 annual respondents for RBS for a total of 51 man-hours.

Form RD 1955-46, "Invitation, Bid, and Acceptance - Sale of Real Property by the United States"

In rare circumstances, generally related to the sale of Non-program property, the Agencies attempt to sell a property through a sealed bid process. This process is generally used when properties are unmarketable and standard real estate sales approaches are not practical. For RHS, a typical example would be a property which has suffered an uninsured property loss due to fire or natural disaster and its value and marketability are uncertain. For FSA, a typical example would be a property not suitable for farming purposes. For RBS, a typical example would be a property not suitable for business purposes. We

estimate the completion time at 30 minutes with about 500 annual RHS respondents, 3 annual RBS respondents, and 12 annual FSA respondents for a total of 258 man-hours.

Form RD 1955-45, "Standard Sales Contract - Sale of Real Property by the United States"

RHS officials and real estate brokers use this form to sell REO property. The real estate broker or RHS official completes the form and has it signed by a potential buyer. FSA uses the form to sell suitable acquired farm property to beginning farmers. It is necessary to adequately protect the best financial interests of our customers and the government. We estimate the number of RHS respondents at 3,000 and FSA respondents at 100 annually with 30 minutes required per respondent for a total of 1,550 man-hours.

Form RD 1940-41, "Truth in Lending Statement"

This is an industry standard form required by the Real Estate Settlement and Procedures Act (RESPA) and discloses to loan recipients the rates and terms upon which they are receiving a loan. It discloses the interest rate, payments, and total amount of payments. RHS staff completes the form. The loan recipient must review and sign the form. We estimate 105,450 forms will be executed with an average time for reviewing and understanding the form at 5 minutes for a total of 8,436 man-hours.

Form RD 1940-16, "Promissory Note"

This is another industry standard form developed by Fannie Mae and used to secure repayment of a loan. It documents the customer's promise to repay the loan and sets forth the conditions of the loan. The form is completed by RHS. The loan recipient must review and sign the form. We estimate 16,390 forms will be executed with an average time for reviewing and understanding the form at 15 minutes for a total of 4,098 man-hours.

Form RD 3550-14 (Name of State), "Real Estate Mortgage" or "Deed of Trust"

This is an industry standard form developed by Fannie Mae, which evidences a lien against the property being financed or given as security for a loan. In some States, a mortgage is required; in others a deed of trust is utilized. Each State has its own form. A standard Fannie Mae instrument is used and amended (by the Office of the General Counsel) to be consistent with RHS statutes and State law. The loan recipient must review and sign the form. We estimate 16,390 forms will be executed with an average time for reviewing and understanding the form at 15 minutes for a total of 4,098 man-hours.

Form RD 3550-15, "Tax Information"

This industry standard form is completed by a loan closing agent to provide a lender with the appropriate tax information for an escrow service to establish an escrow account and ensure that real estate taxes and assessments are paid correctly. It includes information such as due dates and mailing addresses for real estate taxes. We estimate 16,390 forms will be executed annually with an average time for completion of 15 minutes for a total of 4,098 man-hours.

Form RD 3550-20, "Application for Settlement of Indebtedness"

Borrowers use this form to request settlement of their debt to RHS. It is generally completed after a loan is liquidated. The form documents income as well as projecting probable income over a reasonable number of years. The form requires statements of assets and liabilities and potential for increase in financial assets (such as a pending inheritance). This information permits RHS to make informed decisions regarding the borrower's ability to pay outstanding debts to the Agency. RHS employees use this form to make reasonable recommendations and a decision regarding settlement offers. We estimate the number of respondents as 1,000 annually requiring 15 minutes per respondent for a total of 250 man-hours.

Form RD 3550-21, "Payment Subsidy Renewal Certification"

This form is used to initiate the renewal of payment subsidies. Through centralization, RHS has substantially automated and streamlined this process. RHS requests the borrower to complete this renewal certificate to verify income. If the income sources have not changed or can be verified through paystubs or other verification, a third party verification will not be required.

Approximately one-half of all direct SFH customers receive payment subsidy and must bi-annually re-certify their income. Therefore, we estimate approximately 112,500 of these forms will be completed each year. The estimated time for completion is 30 minutes each for a total of 56,250 hours.

Form RD 3550-22, "Assumption Agreement - Single Family Housing"

This form is executed when an applicant purchases an existing RHS financed property and desires to assume the existing loan (a new rates and terms assumption) or when a borrower dies and a surviving family member desires to assume a loan (a same rates and terms assumption). The form is used to document the assuming party's agreement to assume responsibility for the existing Promissory Note. There is no industry standard form for this purpose since most private sector loans are not assumable. The form is completed by RHS. The estimated time for the customer to review and sign the form is 5 minutes. Approximately 100 assumptions are executed each year for a total of 8 man-hours.

Form RD 3550-30, "Verification of Debt Proposed for Refinancing"

This form is used by creditors to verify the applicant/borrower debt that is proposed for refinancing meets the RHS requirements. The form is system generated and pre-filled with the applicant/borrower information. The creditor will complete the form with their account information and attach a copy of the original debt and security instrument. The estimated time for completion is 12 minutes. Approximately 90 refinancing transactions are completed each year for a total of 18 man-hours.

REPORTING REQUIREMENTS - NON-FORMS

Evidence of Citizenship (various non-USDA forms)

Applicants who are not United States citizens must provide evidence that they have an eligible alien status to receive program benefits. It requires about 5 minutes to assemble the information that is already in the applicant's possession and consists of copies of their applicable INS papers. Considering historical program figures, an average of 4,360 applicants must provide this information. The estimated completion time is 5 minutes per respondent for a total of 349 man-hours.

Certified Financial Statement

This financial statement is necessary to determine that a manufactured home dealer-contractor has the financial capacity to honor contractual agreements with the Agency housing applicants. The dealer-contractor is responsible for providing the manufactured unit, developing the site, and providing the home owner a one year warranty. To honor these requirements, the dealer-contractor must be financially sound. This is necessary to adequately protect the best financial interests of our customers and the government. We have estimated the number of respondents as 50 with 1 hour required per respondent for a total of 50 man-hours.

Manufacturer's Certificate of Origin/Contractor's Release

This certificate, supplied by a manufactured home dealer-contractor, verifies that the manufactured home is free and clear of all legal encumbrances. This is required to ensure that the Agency's security interest in the unit is valid and to protect the best financial interests of our customers. We have estimated the number of respondents as 100 with 15 minutes required per respondent for a total of 25 man-hours.

Supplemental Information for Mobile/Manufactured Homes

This information, supplied by the dealer-contractor, is necessary to ensure that excess loan funds are not advanced. We estimate the number of respondents as 100 requiring 15 minutes per respondent for a total of 25 man-hours.

Verification of Income – Applicant's Income Tax Return

Applicants must document all sources of income to obtain assistance and for RHS to determine that the level of assistance for which a customer qualifies is appropriate and does not provide excess assistance. The primary method of verification is through the use of Form RD 1910-5 that has a separate burden. Certain income, however, cannot be verified through this form. To adequately verify income and ensure that excess assistance is not provided, RHS also requires copies of the (1) most recent Federal income tax return (unless exempted from filing) or current operating statements (for self-employed persons); (2) award and/or benefit letters for Social Security, pension, disability, and similar income; (3) separation agreements and divorce decrees; and, (4) written verification from knowledgeable third parties. RHS requires applicants, borrowers, or other adult household members to submit an affidavit regarding his or her intention to seek employment or the inability to collect child support or alimony. The applicant agrees to notify the Agency of changes in his or her financial situation. RHS staff may contact the applicant's former and current employers to provide confirmation of present or past employment. This information is used to calculate income for Agency applicants or borrowers in determining eligibility for Agency assistance such as loan making, interest credit, reamortization, and moratoriums. We estimate 87,290 respondents annually. The estimated time required to submit this type of information is 5 minutes per response, including reviewing existing data sources, and completing and reviewing the collection of information for a total of 6,983 man-hours.

Documentation Pertaining to Existing Dwellings Less Than 1-Year Old

On newly built homes of less than one-year old, where the Agency did not inspect the construction (commonly referred to as "spec" homes), the Agency can only provide 90% financing unless additional documentation is provided regarding construction, inspections, warranties, etc. With sufficient documentation, the Agency can provide up to 100% financing on these homes. This information is generally readily available from the builder. The estimated time for completion is 1 hour for 260 homes for a total of 260 man-hours.

Request for Copy of Credit Report

The Agency will only provide a customer with a copy of their credit report when they make a written request for a copy in compliance with the Privacy Act. The estimated number of annual requests is 25,000 requiring approximately 5 minutes for a total of 2,000 man-hours.

Application for Approval of Housing Innovation

Section 506 of the Housing Act of 1949 as amended by Title V-Rural Housing of Housing and Urban-Rural Recovery Act of 1983 directs the Secretary to conduct research, technical studies and demonstrations in order to improve the architectural designs, cost effectiveness and utility of housing units. The amendment allows the Secretary to permit housing demonstrations which do not meet existed published standards, rules, regulations or policies, if the Secretary finds that in so doing, the health and safety of the population is not adversely affected. From time to time, the Rural Housing Service (RHS) may authorize limited demonstration programs to test new approaches to offering housing under the statutory authority granted to the Secretary. This provision is intended to allow the use of new, more efficient and less costly types of housing.

The questionnaire to be used for this program is designed to afford all respondents an equal chance for an innovation housing unit award. Also, it will provide an instrument that the Agency can use to evaluate the request for both validity and reliability are essential to RHS's selection process.

The Agency will be collecting information from the proposer to evaluate the strengths and weaknesses to which the proposal concept possesses or lacks the attributes set forth in the proposed content and evaluation criteria. RHS will use the collected information to select the most feasible proposals that will enhance the Agency's chances in accomplishing the demonstration objective. The information will be utilized to sustain and modify RHS's current policies pertaining to the construction of modest housing.

RHS estimated that 250 builders and developers will respond to a notice of program availability. Of this number, only 25 will actually submit a formal application. These estimates are based on past experience in this program. The questionnaire was specifically designed to attract only those builders and developers that are interested in reducing the cost of low-income housing through innovative cost designs of units and/or systems. The questionnaire takes 80 hours to complete for a total of 2,000 man-hours.

Notification of Continued Interest

Applicants who are on a waiting list for funding, or those who have not been in contact with the local field office for an extended timeframe, are asked to notify the office if they are still interested in obtaining assistance. This is necessary to keep an active list of loan applications. Approximately 50,000 such requests are made annually, requiring approximately 5 minutes to complete for 4,000 man-hours.

Request for Additional Information to Support Eligibility

If information indicates that the basis for an applicant's eligibility determination may have changed (change in income, credit history, etc.), the Agency may request additional data to determine continued eligibility for assistance. Approximately 25,000 such requests are made annually, requiring approximately 15 minutes to complete for 6,250 man-hours.

Furnish Documentation of Hazard and Flood Insurance

Customers are required to maintain hazard (homeowners) insurance on their property. Additionally, customers in flood hazard areas must maintain flood insurance. This is necessary to protect the homeowner's and Government's interest in the property.

Insurance companies routinely provide the Agency with notification of renewal with no action required from the customer. For those new customers, and those existing customers that change insurance companies, they must ask the insurance agency to provide documentation of insurance to RHS. Approximately 22,660 such requests are made annually, requiring approximately 5 minutes to complete for 1,813 man-hours.

Notification of Insurable Loss

Customers must notify RHS if they suffer from an insurable loss. This is to protect the homeowner's and Government's interest in the property. The Agency may provide counsel or inspect the security property. Approximately 470 such requests are made annually, requiring approximately 15 minutes to complete for 118 man-hours.

Notification of Non-Active Military Duty

Customers on active military duty are entitled, by statute, to a reduction in the interest rate on their promissory note to 6 percent. When the customer reverts back to non-military status, they must notify RHS to readjust the interest rate on their loan to the original rate. Approximately 20 requests are made annually, requiring approximately 5 minutes to complete for 2 man-hours.

Authorization to Lease Mineral Rights

Customers who have mineral rights that attach to their property and elect to lease those mineral rights must obtain Agency authorization. This is necessary to protect the homeowner's and Government's interest in the security property. Approximately 20 such requests are made annually, requiring approximately 30 minutes to complete for 10 man-hours.

Request for Subordination

If a customer needs RHS to subordinate its lien position, the request must be in writing and contain information on the purpose of the request. These generally occur when the customer is securing another loan for repairs, and the other lender is requiring a first mortgage. The most common reason for a subordination is when a customer refinances his or her loan and requests that subsidy recapture be deferred. In these instances, the government will subordinate its lien so that the customer may “graduate” to other credit. Approximately 300 such requests are made annually, requiring approximately 15 minutes to complete for 75 man-hours.

Partial Release

A partial release generally occurs when a customer is selling off a small portion of the security property and requires the Agency to release a portion of its security. A request is needed to protect the homeowner’s and Government’s interest in the security property. Approximately 30 such requests are made annually, requiring approximately 15 minutes to complete for 8 man-hours.

Authorization to Lease

A customer must notify the Agency if they propose to lease the property. This is necessary because certain Agency benefits such as payment subsidies, moratoriums, etc., are only intended for the benefit of the customer living in the Agency financed property. If the customer does not occupy the property, this assistance (if in effect) must be canceled. Approximately 50 such requests are made annually, requiring approximately 15 minutes to complete for 13 man-hours.

Financial Data to Review for Refinancing

Agency customers are required, by statute, to refinance to other credit when they are financially able to do so. To make this determination, RHS must obtain financial information from its customers. Only those customers for whom the Agency does not have any recent financial data (a recent payment subsidy renewal, for example) are requested to provide data. Approximately 7,740 such requests are made annually, requiring approximately 45 minutes to complete for 5,805 man-hours.

Refute Refinancing Request

Based upon data obtained from the customer, the Agency may request a customer to refinance their loan with another lender. If the customer disputes the Agency’s decision, they may provide additional or corrected information to the Agency to review its decision. Based upon this information, the Agency determines again whether the customer must seek other financing.

Approximately 770 such requests are made annually, requiring approximately 30 minutes to complete for 385 man-hours.

Documentation of Inability to Refinance

In cases where the customer has been requested to refinance their Agency loan and they are rejected by another lender, they must submit documentation to the Agency to cancel the refinancing request. Approximately 100 such requests are made annually, requiring approximately 1 hour to complete for 100 man-hours.

Refute Unauthorized Assistance

In cases where the Agency alleges that a customer may have received assistance to which they were not entitled (unauthorized assistance), the customer may refute the Agency's allegation. The Agency notifies the customer in writing when the Agency has clear and convincing evidence that the customer may have received unauthorized assistance. This generally occurs in payment subsidy cases where the Agency has verified from a third party that the information provided by the customer may not be accurate. Approximately 1,380 such requests are made annually, requiring approximately 30 minutes to complete for 690 man-hours.

Request for Moratorium

In certain circumstances, the Agency may provide a customer with a moratorium (a complete stop) on loan payments. Eligibility requirements are found in 7 CFR 3550.207. Customers in need of this assistance must submit documentation to the Agency to verify eligibility. Approximately 2,750 such requests are made annually, requiring approximately 30 minutes to complete for 1,375 man-hours.

Credit Score Disclosure

The Fair and Accurate Credit Transactions Act of 2003 requires RHS to disclose the score a credit bureau distributed to its users and used by RHS in connection with their loan application. RHS may use the scores to presume acceptable credit in lieu of other credit underwriting practices. This is required for all Section 502 loan applicants and Section 504 applicants for loans \$7,500 or greater. We estimate 87,280 disclosures requiring 5 minutes for total man-hours of 6,982.

Borrower's Request for Review of Determination/Decision to Refer for IRS Offset

Under the Debt Collection Improvement Act (DCIA), delinquent Federal debtors must be referred to the IRS for potential offset of their income tax return. Prior to referral, Agency regulations (and the DCIA), require that the customer have the opportunity to challenge the delinquency being reported to IRS for offset. The

estimated burden is 1 hour; approximately 900 such requests are made each year for a total of 900 man-hours.

Notification to Agency if Circumstances Change

As a condition of a moratorium, the borrower agrees to notify RHS if there has been any change in their financial condition. This eliminates the need for RHS to conduct spot reviews and shifts the responsibility to the customer to notify the Agency when circumstances have changed which may allow them to resume loan payments. The estimated burden is 15 minutes, with 450 respondents annually for a total of 113 man-hours.

Repayment Agreement

The grant recipient may be required to execute a repayment agreement when he or she does not have the ability to repay unauthorized assistance in an immediate lump sum. The recipient agrees to repay the assistance if they should no longer occupy the dwelling or transfer title to the property. We estimate the number of respondents as 45 annually requiring 5 minutes per respondent for a total of 4 man-hours.

Offer to Cure Default After Acceleration or Informal Meeting

RHS makes every effort to ensure the success of its customers. Unfortunately, sometimes it is ultimately necessary to liquidate a loan after providing a customer with the servicing tools available. After acceleration of a loan, RHS does not reinstate a loan except in very rare circumstances and only if RHS has compelling information to support consideration of the request. An offer to cure a loan default may be supported by a financial statement, or the request may be for an extension of time to voluntarily liquidate and be supported by a copy of a real estate listing agreement or sales contract. We estimate the number of responses as 360 annually requiring 30 minutes per respondent for a total of 180 man-hours.

Determination of Abandonment – Borrower Location Inquiries

If security property appears to be abandoned, RHS must attempt to locate the borrower to ascertain the borrower's intention concerning the property. Neighbors may be contacted for information on the borrower's whereabouts, and if the borrower is located, information is requested to determine the appropriate servicing action. If necessary, a financial statement may be taken for debt settlement purposes. We estimate the number of respondents as 450 annually requiring 15 minutes per respondent for a total of 113 man-hours.

Lease of Custodial Property - Lease, Financial, and Credit Information

When in the Government's best interest, custodial or inventory property may be leased. Consistent with industry standards, RHS requires a lease from the customer along with financial information to support the lessee's ability to fulfill the terms of the lease. The lessee may provide an industry standard lease and financial statement, or may utilize Form RD 1944-3. If the customer does not have a lease document, RHS will have the Office of the General Counsel develop a lease form consistent with local State laws. We estimate the number of respondents as 20 annually requiring 30 minutes per response for a total of 10 man-hours.

Lease of Inventory for Transitional Housing

RHS may lease SFH non-program REO property to public bodies or nonprofit organizations for transitional housing for the homeless. The entity must document the need for the housing, the entity's administrative process, and compliance with RHS program objectives. The Agency also needs financial information to support the lessee's ability to fulfill the terms of the lease. The estimated number of annual responses is 10, requiring 1 hour per respondent for a total of 10 man-hours.

Survey of Lender Criteria and Policies

Agency officials must be aware of rates and terms or other financing within their market. To do so, they survey other lenders in the area and determine interest rates, down payment requirements, qualifying ratios, etc., to determine which existing customers may be able to refinance ("graduate") to other credit. The estimated number of respondents is 2,500 annually requiring 15 minutes per respondent for a total of 625 man-hours.

Collection Efforts

RHS contacts debtors to collect any outstanding debt to RHS after the security property has been liquidated or the debt fully mature. The responsible RHS official may obtain financial information from the debtor to determine repayment ability. This contact may be made by telephone, letter, or in person. The public burden is limited to responding to RHS's contact and supplying information that has a bearing on the debtor's repayment ability. The average response time is estimated to be 5 minutes with approximately 2,400 annual respondents for a total of 192 man-hours.

Disappeared Debtors

RHS may cancel debts when the debtor has disappeared and cannot be located without undue expense. Reasonable efforts will be made to locate the debtor, which will normally include contact with other members of the public who may have knowledge of the debtor's location. These contacts may be by letter,

telephone, or in person. The public burden is responding to RHS's contact and supplying information on the borrower's whereabouts, if available. The estimated response time is 15 minutes. The anticipated number of annual responses is 450 for a total of 113 man-hours.

Delinquent Adjustment Agreements

Debtors may enter into adjustment agreements that promise to pay a reduced debt amount over a fixed period in return for debt cancellation. In some cases, these borrowers may become delinquent on the agreed-upon payments. When this occurs, servicing officials will contact them to determine the reasons for the delinquency. These contacts may be by letter, telephone, or in person. The public burden is in responding to RHS's contact and supplying information on circumstances that caused the delinquency. The estimated public response time is 15 minutes. The number of annual responses is approximately 225 for a total of 56 man-hours.

Withdrawn Application

Applicants who apply for RHS financial assistance may withdraw their application at any time by writing or calling the Agency. We estimate the number of respondents as 49,420 annually requiring 5 minutes per respondent for a total of 3,954 man-hours.

Third Party Verification of Income Including Other Documentation

RHS requires current verification of household income to make final eligibility determinations. Third party written or oral verification provides independent verification of information that may include anticipated changes in circumstances. We estimate the number of respondents as 200,000 annually requiring 15 minutes per respondent for a total of 50,000 man-hours.

Verification of Child Care, Medical, or Other Applicable Expenses

The applicant provides RHS verification of childcare, medical, or other applicable expenses for consideration of household income adjustments. This documentation allows RHS to fully consider all possible deductions to income when making eligibility determinations. We estimate the number of respondents as 87,290 annually requiring 15 minutes per respondent for a total of 21,823 man-hours.

CAIVRS - Applicant Contact Agency Reporting Delinquent Federal Debt

RHS conducts a preliminary credit check and loan/closing check using the Credit Alert Interactive Voice Response System (CAIVRS). This check is an opportunity to identify and remedy potential credit issues before the applicant

expends any funds. Applicants who are delinquent on Federal debts are ineligible for RHS program assistance. RHS notifies an applicant who is delinquent on a Federal debt in writing that he or she has 30 days to resolve the delinquency and provide RHS with satisfactory documentation. We estimate the number of respondents as 82,720 annually requiring 5 minutes per respondent for a total of 6,618 man-hours.

Evidence of Ownership

Eligibility criteria for a Section 306 WWD individual grant program requires that applicants be owner-occupants of single family dwellings located in rural areas. Several different types of ownership are acceptable, such as, full marketable title, land purchase contract, life estate, and under certain conditions, leases. Evidence of ownership may include copies of deeds, contracts, leases, real estate tax receipts, or any instrument that commonly evidences proof of ownership. Also, affidavits by community residents attesting that the applicant has occupied the property at least 10 years and is the apparent owner may be acceptable. In most cases, the applicants, or their representative, provide the necessary information that may be as simple as providing RHS with a copy of the deed to the property. We estimate the number of respondents as 11,980 annually requiring 15 minutes per respondent for a total of 2,995 man-hours.

Assurances of Road Completion

Developers or public bodies are responsible for completing or accepting streets developed as proposed. The developer may submit a performance bond, escrow agreement, irrevocable letter of credit, or other form of completion assurance to RHS. Public bodies provide written assurance that constructed roads or streets meet State standards and are adopted by the State upon completion. We estimate the number of respondents as 500 annually requiring 15 minutes per respondent for a total of 125 man-hours.

Termite, Plumbing, Sewage, Heating and Air Conditioning (HAC) Verification

To adequately protect the financial interests of our customer and the Government, RHS requires an inspection of the dwelling to ensure that the property meets Agency standards. The inspector provides certifications that: (1) a termite inspection was done, (2) the plumbing/water/sewage system(s) was inspected, and (3) the electric heating/cooling system was inspected. We estimate the number of respondents as 16,386 annually requiring 30 minutes per respondent for a total of 8,193 man-hours.

Applicant Cancels Loan

The applicant may cancel a loan request anytime before closing by contacting the RHS approving office. The applicant is responsible for contacting the seller,

contractor, closing agent, and any others, to advise of the decision to cancel. We estimate the number of respondents as 450 annually requiring 5 minutes per respondent for a total of 36 man-hours.

Conditional Commitment Change in Price, Plans, Specifications

Contractors may request modifications to project plans, specifications, or commitment price in writing. The contractor then provides a revised appraisal report when the approved change causes a modification in the appraised value of the property. We estimate the number of respondents as 40 annually requiring 5 minutes per respondent for a total of 3 man-hours.

Community Land Trust Documents

The applicant is responsible for providing RHS all documents pertaining to the legal status and operation of a community land trust. RHS completes a review of the documents to determine that legal documents contain language that ensures that all restrictions relating to community land trusts will automatically and permanently terminate upon foreclosure or other means of acquisition by the lender. We estimate the number of respondents as 10 annually requiring 30 minutes per respondent for a total of 5 man-hours.

Firm Loan Commitment From Participating Lender

If an applicant qualifies, RHS may subordinate its lien position to encourage participation by other lenders in a leveraged loan. In many cases, combining an Agency loan with a leveraged loan enables a low-income applicant who otherwise could not qualify for a loan to become a homeowner. Generally, there is a joint closing of the Agency loan and participating lender's loan. When the leveraged loan will close after the Agency loan, the participating lender must provide a written firm loan commitment. We estimate the number of respondents as 510 annually requiring 15 minutes per respondent for a total of 128 man-hours.

Copies of Security Agreements From Participating Lenders

A participation lender provides copies of the mortgage, promissory note, evidence of title insurance, and closing documents for the non-Agency loan or grant. This documentation ensures that the lender has complied with loan conditions and the maximum loan amount. We estimate the number of respondents as 3,580 annually requiring 15 minutes per respondent for a total of 895 man-hours.

Release of Decent, Safe, and Sanitary (DSS) Restrictions

When REO property does not meet decent, safe, and sanitary (DSS) standards, specific occupancy restrictions apply to the sale. When the owner repairs or corrects the DSS restrictions, the owner may request a release of the restrictive covenants permitting RHS to inspect the property. We estimate the number of respondents as 500 annually requiring 5 minutes per respondent for a total of 40 man-hours.

Notification of Leased Property and Adequate Insurance Coverage

The primary intent of the RHS 502 loan program is to provide homeownership opportunities. Therefore, borrowers' are not permitted to lease RHS financed properties for long periods of time. Borrowers are to inform the Agency whenever they lease their property. This action ensures program goals are accomplished. If RHS concurs with the lease, any payment subsidies are canceled. In addition, the customers must provide proof to RHS that the leased property is adequately insured. We estimate the number of respondents as 500 annually requiring 5 minutes per respondent for a total of 40 man-hours.

Decision to Defer Recapture

Deferring payment of recapture typically occurs when a borrower refinances an Agency loan with private credit or the loan fully matures. This triggers the recapture of any subsidy which, by statute, may be deferred for repayment until the customer no longer occupies the property. The customer must make a decision to pay recapture at that time in a lump sum, or defer repayment until a later date. We estimate the number of respondents as 5,000 annually requiring 5 minutes per respondent for a total of 400 man-hours.

Information to Determine Recapture Amount, Including Appraisals

Borrowers who pay a loan in full, exclusive of recapture, may defer payment of the recapture amount as long as they continue to occupy and retain title to the property. The borrower must provide RHS a copy of the appraisal, a statement from the lender indicating the amount of the loan, and other information needed to determine the amount of recapture that is due as payable. We estimate the number of respondents as 7,740 annually requiring 30 minutes per respondent for a total of 3,870 man-hours.

Request for Final Payoff

The borrower or representative may request a final payoff from RHS by providing his or her social security and account numbers. Typically, when a borrower requests a payoff statement, the information required to accurately calculate the subsidy recapture amount will not be available. Upon receipt of written confirmation of the information needed to calculate recapture, a payoff statement will be sent to the borrower. Borrowers are entitled to two free payoff

statements in any 30-day period. Each additional statement requested in any 30-day period is at a fee of \$25 to the borrower's outstanding balance. We estimate the number of respondents as 7,740 annually requiring 5 minutes per respondent for a total of 619 man-hours.

Request to Waive Late or Other Fees

RHS assesses late fees and charges for checks returned for insufficient funds. Borrowers who incur these fees will receive a billing statement itemizing the costs. The objective for assessing these fees is to provide an incentive to assist borrowers in developing responsible payment habits. Fees may be waived if the Agency determines the borrower is not at fault. The borrower requests a fee or charge be waived by contacting the Agency. We estimate the number of responses as 12,000 annually requiring 5 minutes per respondent for a total of 960 man-hours.

Documentation Regarding Housing Related Costs in the Past 6 Months or Other Compensating Factors

Applicants provide this documentation when the loan origination qualifying ratios do not support repayment of the proposed loan. The applicant may request an exception to the ratios when they can provide documented evidence of meeting housing related costs in the past 6 months that are equal to or greater than the projected housing costs. The documented housing costs must reflect that the applicant's household income was equal to or less than the current annual income, and the applicant's household debt load was equal to or greater than the current debt load. Applicants will provide verified information from landlords on rent and other related housing costs. We have estimated the number of respondents as 12,000 annually with 15 minutes per respondent for a total of 3,000 man-hours.

Identification of Responsibility for Costs of Inspections and Certifications in Sales

To ensure that existing houses are decent, safe and sanitary, RHS, like most lenders, requires that inspections be made of major housing components such as heating, plumbing, and electrical systems. For loan underwriting purposes, the person or persons responsible for these inspections must be identified. We estimate the number of respondents as 15,430 annually requiring 15 minutes per response for a total of 3,858 man-hours.

Decision Regarding the Appraisal and Tax Service Fees

The appraisal and tax service fees are loan closing expenses and eligible for inclusion as eligible loan purposes at the applicant's discretion. The applicant will indicate whether they want the appraisal and tax service fee included in the

loan. We have estimated the number of respondents as 16,370 annually with 5 minutes per response for a total of 1,310 man-hours.

Modifications of Sales Agreements for Conditional Commitments

In rare cases, such as weather, the Agency allows construction to begin before obligating loan funds for conditional commitments. The builder must modify the sales agreement, indicating the loan was not funded. The sales agreement would indicate that if the loan is not closed within 90 days of the date of approval, the builder may terminate the sales agreement. We have estimated the number of respondents as 100 annually with 15 minutes per response for a total of 25 man-hours.

Borrower's Request for Records

When RHS is considering implementing an administrative offset, the borrower receives a written notification of the Agency's intent to seek an offset. The customer may respond within 30 calendar days and request a copy of RHS records upon which the offset will be sought. We estimate the number of respondents as 50 annually with 15 minutes required per respondent for a total of 13 man-hours.

Borrower's Offer to Repay

When RHS is considering implementing an administrative offset, the borrower receives a written notification of intent. The borrower may respond within 30 calendar days with a written offer to pay the amount outstanding rather than have the same offset. We estimate the number of respondents as 10 annually with 30 minutes required per respondent for a total of 5 man-hours.

Borrower's Request for a Review Regarding Administrative Offset

When RHS is considering implementing an administrative offset, the borrower receives a written notification of intent. The borrower may respond within 30 calendar days with a written request for a review of the Agency's determination. We estimate the number of respondents as 10 annually with 30 minutes required per respondent for a total of 5 man-hours.

Borrower's Request for Records

RHS provides written notification of intent to any borrower being considered for salary offset. The borrower may respond within 30 calendar days by a written request for records. We estimate the number of respondents as 10 annually with 15 minutes required per respondent for a total of 3 man-hours.

Employee's Written Agreement for a Different Repayment Schedule

After the determination to implement a salary offset, the borrower may make a written request for a different repayment schedule. RHS reviews the request and determines whether to accept the proposal. We estimate the number of respondents as 10 annually requiring 30 minutes per respondent for a total of 5 man-hours.

Homeownership Education

As part of the application process, eligible first-time home buyer applicants are required to provide adequate written evidence that a homeownership education course acceptable to the Agency has been completed. We estimate the number respondents as 15,221 annually requiring 8 hours per respondent for a total of 121, 768 man-hours.

REPORTING REQUIREMENTS – FORMS APPROVED UNDER OTHER OMB NUMBERS

Form RD 1924-6, “Construction Contract”

Applicants who contract for the construction of a home use this form. It is an agreement between the homeowner and builder. This form is approved under OMB Control Number 0575-0042. We estimate 5,510 respondents at 15 minutes each for a total of 1,328 man-hours.

Form RD 1924-10, “Release by Claimants”

The construction contractor completes this form to evidence that all subcontractors have been paid for the work completed on a house. It is necessary to ensure the property is free on liens and the homeowner and Agency’s interests are protected. This form is approved under OMB Control Number 0575-0042. We estimate 5,310 respondents at 30 minutes each for a total of 2,655 man-hours.

Form HUD 935-2, “Affirmative Fair Housing Marketing Plan”

Used by contractors, developers, real estate brokers, etc., participating in the program to ensure they are marketing properties in accordance with Fair Housing Laws. This form is approved under OMB Control Number 2529-0013. The estimated number of respondents is 500 annually requiring 3 hours per respondent for a total of 1500 man-hours.

Form RD 1924-2, “Description of Materials”

Used by builders to describe the materials to be used in a house that is to be constructed. This form is approved under OMB Control Number 0575-0042. The estimated number of respondents is 5,310 annually requiring 15 minutes to complete for a total of 1,328 man-hours.

Form RD 1927-5, “Affidavit Regarding Work of Improvement”

Industry standard form from the seller of a property that any work or improvements made to the property have been paid for. This form is approved under OMB Control Number 0575-0147. The estimated number of respondents is 15,250 annually requiring 10 minutes per respondent for a total of 2,440 man-hours.

Form RD 1927-8, "Agreement with Prior Lienholder"

Used when the Agency will take a second mortgage on a property and an agreement is necessary with the prior lienholder to coordinate any servicing or liquidation actions. This form is approved under OMB Control Number 0575-0147. It is estimated this form will be used 5,110 times during the year, requiring approximately 5 minutes to complete for a total 409 man-hours.

Form RD 1927-9, "Preliminary Title Opinion"

Used by the closing agent (prior to scheduling loan closing) to provide the Agency and customer with their preliminary opinion on the title to the property proposed for financing. Used to ensure that the customer will be able to secure marketable title and the Agency will have a valid lien. This form is approved under OMB Control Number 0575-0147. The estimated number of respondents is 500 annually requiring 1.5 hours to complete for a total of 750 man-hours.

Form RD 1927-10, "Final Title Opinion"

Used by the closing agent to certify to the customer that they have title to the property and the Agency has a valid lien. This form is approved under OMB Control Number 0575-0147. The estimated number of respondents is 500 annually requiring 20 minutes to complete for a total of 165 man-hours.

Form RD 1927-11, "Warranty Deed (State) Joint Tenants"

Used by borrowers with joint tenancy to voluntarily convey legal and marketable title in their property to the Agency. Generally used in cases of a deed in lieu of foreclosure. This form is approved under OMB Control Number 0575-0147. The estimated number of respondents is 62 annually requiring 15 minutes per respondent for a total of 16 man-hours.

Form RD 1927-12, "Warranty Deed (State)"

Used by borrowers without joint tenancy to voluntarily convey legal and marketable title in their property to the Agency. Generally used in cases of a deed in lieu of foreclosure. This form is approved under OMB Control Number 0575-0147. The estimated number of respondents is 62 annually requiring 15 minutes per respondent for a total of 16 man-hours.

Form RD 1927-15, "Loan Closing Instructions and Loan Closing Statement"

Form providing the closing agent with relevant details regarding the applicant, loan amount, property to be mortgaged, etc. Needed by closing agents to prepare and conduct a loan closing. This form is approved under OMB Control Number 0575-0147. The estimated number of respondents is 20,950 annually requiring 20 minutes per respondent for a total of 6,914 man-hours.

Form RD 1927-16, "Notification of Loan Closing"

Form used to notify customers of impending loan closing requesting that they obtain insurance on the house, and notify the Agency of any changes in their financial situation. This form is approved under OMB Control Number 0575-0147. The estimated number of respondents is 20,950 annually requiring about 5 minutes per respondent for a total of 1,676 man-hours.

Form RD 1927-19, "Certification of Attorney"

Certification provided by closing agent that they are licensed to close loans and have the necessary liability insurance to further protect the interest of the customer and Agency. This form is approved under OMB Control Number 0575-0147. The estimated number of respondents is 500 annually requiring 10 minutes to complete for a total of 80 man-hours.

Form RD 1927-20, "Certification of Title Insurance Company"

Industry standard form to certify the accuracy of a title insurance policy. Needed to ensure the Agency has a proper lien and security on financed property. This form is approved under OMB Control Number 0575-0147. The estimated number of respondents is 500 annually requiring 10 minutes to complete for a total of 80 man-hours.

Form RD 400-4, "Assurance Agreement"

This form is used to confirm that recipients of loan and grant assistance have been reminded of their obligations to comply with the provisions of the Civil Rights Act of 1964 and regulations of the Agency. This form is approved under OMB Control Number 0575-0018. The estimated number of respondents is 5,700 annually requiring 15 minutes per respondent for a total of 1,425 man-hours.

Form RD 1924-4, "Documentation of Construction Complaint/Request for Compensation for Construction Defects"

Used by borrowers to document a construction complaint, and if unresolved, file a request with the Agency for compensation for major structural defects in the

home. In cases where the Agency pays a claim, the contractor is suspended or debarred from participation in Federal programs. This form is approved under OMB Control Number 0575-0082. The estimated number of respondents is 25 annually requiring 2 hours per respondent for a total of 50 man-hours.

Form RD 400-1, "Equal Opportunity Agreement"

Form used by applicants to document that they will provide equal opportunity to all persons involved with the construction of the house. This form is approved under OMB Control Number 0575-0018. The estimated number of respondents is 5,700 annually requiring 10 minutes per respondent for a total of 912 man-hours.

Forms RD 400-6, "Compliance Statement"

Form used by contractors to document that they will provide equal opportunity to all persons involved with the construction of the house. This form is approved under OMB Control Number 0575-0018. The estimated number of respondents is 5,700 annually requiring 10 minutes per respondent for a total of 912 man-hours.

Form RD 1924-7, "Contract Change Order"

Form used by contractors to document a change in the terms, conditions, or price of a construction contract. This form is approved under OMB Control Number 0575-0042. The estimated number of respondents is 500 annually requiring 15 minutes per respondent for a total of 125 man-hours.

Form RD 1924-1, "Development Plan"

Form used to develop a plan for construction and/or repair work to an existing house. It is generally used for re-sales with work to be completed by various small contractors after loan closing. Used to estimate and document the total cost of repairs. This form is approved under OMB Control Number 0575-0042. The estimated number of respondents is 11,410 annually requiring 15 minutes per respondent for a total of 2,853 man-hours.

Form RD 1924-9, "Certificate of Contractor's Release"

Document evidencing that a contractor has been paid for all work. Ensures the property will be free of liens. This form is approved under OMB Control Number 0575-0042. The estimated number of respondents is 11,410 annually requiring 15 minutes per respondent for a total of 2,853 man-hours.

Form RD 1924-12, "Inspection Report"

Form used to document an inspection of a house under construction. The form establishes the percentage of work completed so that the contractor can be paid for their work. This form is approved under OMB Control Number 0575-0042. The estimated number of respondents is 34,230 annually requiring 15 minutes per respondent for a total of 8,558 man-hours.

Form RD 1924-19, "Builder's Warranty"

Written warranty provided by the builder to the customer. This form is approved under OMB Control Number 0575-0042. The estimated number of respondents is 11,410 annually requiring 15 minutes per respondent for a total of 2,853 man-hours.

Form RD 1924-25, "Plan Certification"

Form certifying that the building plans meet all applicable local, State and Federal construction standards. This form is approved under OMB Control Number 0575-0042. The estimated number of respondents is 11,410 annually requiring 10 minutes per respondent for a total of 1,826 man-hours.

Form RD 465-5, "Transfer of Real Estate Security"

Form used to outline the terms and conditions for the transfer of real estate that serves as security for an Agency loan. This form is approved under OMB Control Number 0560-0158. The estimated number of respondents is 100 annually requiring 30 minutes per respondent for a total of 50 man-hours.

Form RD 410-8, "Applicant Reference Letter"

This form is used by small creditors who do not report to Credit Bureaus to provide a credit reference to the Agency. Used in cases by applicants when their credit report reflects little to no history. This form is approved under OMB Control Number 0575-0091. We estimate 25% of applicants will use this form for a total of 21,822 respondents annually, requiring 20 minutes to complete for a total of 7,201 man-hours.

Form RD 443-16, "Assignment of Income from Real Estate Security"

Form used by the Agency to secure an assignment of income from another source as repayment towards a loan. Generally used to secure revenue from mineral leases or farm income, this form is approved under OMB Control Number 0560-0158. The estimated number for housing respondents is 10 annually requiring 30 minutes to complete for a total of 5 man-hours.

FEMA Form 81-93, "Standard Flood Hazard Determination"

Form that documents whether a property is located within a flood plain, and if so, requires the customer's acknowledgment of the property being located in a hazard area and the requirement for flood insurance. This form is approved under OMB Control Number 3067-0264. This is required for all housing loans for an estimated 16,250 annually, requiring 20 minutes to complete for a total of 5,363 man-hours.

REPORTING REQUIREMENTS - NON-FORMS APPROVED UNDER OTHER OMB NUMBERS

Certification of Drawings and Specifications

Used to certify that the building drawings and specifications meet all applicable local, State and Federal construction standards. The estimated number of respondents is 5,710 annually requiring 15 minutes per respondent for a total of 1,428 man-hours. This item is approved under OMB Control Number 0575-0042.

Cost Estimates

Estimates for the costs of repairs or construction. The estimated number of respondents is 6,290 annually requiring 15 minutes per respondent for a total of 1573 man-hours. This item is approved under OMB Control Number 0575-0042.

Narrative Description of Work Items

Description of the repair, rehabilitation, or construction work to be completed. The estimated number of respondents is 6,290 annually requiring 15 minutes per respondent for a total of 1573 man-hours. This item is approved under OMB Control Number 0575-0042.

Manufacturer's and Builder's Certification

Certification that a house was built to all local, State, and Federal construction standards. Required on most all construction, we estimate 5,710 respondents annually requiring 15 minutes to complete for a total of 1428 man-hours. This item is approved under OMB Control Number 0575-0042.

Documents for 10-year Warranty

This is a 10-year warranty on the construction of a house, including separate warranties on all appliances, heating/cooling systems, windows, etc. The estimated number of respondents is 1,750 annually requiring 30 minutes per respondent for a total of 875 man-hours. This item is approved under OMB Control Number 0575-0042.

Complaints of Construction Defects

Customers are requested to put all complaints regarding the construction of their home in writing to the construction contractor with a copy to the Agency. This is needed to enforce the warranty on the house. The estimated number of respondents is 25 annually requiring 15 minutes per respondent for a total of 6 man-hours. This item is approved under OMB Control Number 0575-0042.

Owner-Builder Construction Proposal

A full construction proposal from an owner who intends to construct a house for him/herself is needed. The proposal includes costs, proposed subcontractors, etc. The estimated number of respondents is 1,000 annually requiring 2 hours per respondent for a total of 2,000 man-hours. This item is approved under OMB Control Number 0575-0042.

Prerequisites for Modular/Panelized Housing Unit Manufacturers

The plans, specifications, and building approval process for modular and panelized housing. The estimated number of respondents is 250 annually requiring 30 minutes per respondent for a total of 125 man-hours. This item is approved under OMB Control Number 0575-0042.

Approval of Modular/Panelized Housing Units

The approval of the plans, specifications, and building approval process for such houses. The estimated number of respondents is 250 annually requiring 15 minutes per respondent for a total of 63 man-hours. This item is approved under OMB Control Number 0575-0042.

3. Describe whether, and to what extent the collection of information involves the use of automated, electronic or other technological collection techniques or other forms of information technology.

The agencies have eliminated all unnecessary burden and, wherever possible, utilized industry standard forms, eliminated duplicative Rural Development forms, and made use of our expanded automation capabilities. For example, most forms which a current RHS borrower must complete can be system generated and contain all relevant system information such as the borrower's account number, address, property description, real estate taxes, insurance, income data, etc., thereby reducing unnecessary burden imposed on our customers. This will reduce the time it takes the public to complete required information, reduce the need to stock forms throughout Rural Development offices, and result in cost savings to the public. With the implementation of E-GOV in June 2002, individuals are now able to make application online. We

have 64 eForms which the public can access and print for personal use. RHS is committed to automation and reducing the burden upon the public.

4. Describe efforts to identify duplication.

See the response to Question 3. The Agencies have made every effort to eliminate duplication.

5. If the collection of information impacts small businesses, describe any methods used to minimize the burden.

See the response to Question 3. The agencies have made every effort to minimize public burden, including that imposed on nonprofits and small businesses.

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

If the information is not collected or collected less frequently, the agencies could not assure that program participants are eligible for assistance granted or the programs were administered in a manner consistent with the statute.

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 specific reporting on more than a quarterly basis.

b. Requiring written responses in less than 30 days. There are no specific information collection requirements that require less than 30 days response. In many cases, however, especially where a borrower's income or financial situation has declined, it behooves a borrower to provide the agencies with information as soon as possible. The Agencies cannot provide the borrower with potential increased program benefits until we receive documentation to support their request.

c. Requiring more than an original and two copies. There are no specific information collection requirements requiring more than an original and two copies.

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. Requiring use of 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 views on the availability of data, frequency of collection, the clarity of instructions and record keeping, disclosure, reporting format (if any), and on data elements to be recorded, disclosed, or reported.

A Proposed Rule for this burden collection was published on March 6, 2006, (71 FR 11167-9). Comments were solicited and a Final Rule addressing those comments will be published.

RHS involved several outside sources to ensure that burdens are reasonable, necessary, and kept to a minimum. The following firms and individuals have been consulted:

Ms. Owyne Gardner
Little Dixie Community Action Agency
502 West Duke Street
Hugo, OK 74743
(580) 326-5165

Ms. Leslie Strauss
Housing Assistance Council
1025 Vermont Avenue, NW, Suite 606
Washington, D.C. 20005
(202) 842-8600

Mr. Thomas Cockerill
Cockerill & Cockerill, Attorneys at Law
235 South Meridian Street
Winchester, IN 47394
(765) 584-3241

Mr. Forrest Boone
Three Rivers Housing Foundation, Inc.
1981 Capitol Circle NE
Tallahassee, FL 32308
(850) 656-5669, x-111

Beyond those individuals/groups outside the Agency, RHS works extensively with the National Association of Credit Specialists (NACS) and the National Association of Support Personnel (NASP). Approximately 20 field staff representing these organizations have reviewed the CFR and both Handbooks to ensure they provide full and proper guidance but also reduce information collection requirements on the Agency and the public.

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 the assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or Agency policy.

All information collected is public. There is no assurance of confidentiality 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.

There are no questions or information collection requirements of a sensitive nature.

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

See attached Spreadsheet.

The following pay scales were utilized in the development of the Spreadsheet and were obtained from RHS data on borrower income and firms mentioned in our response to Question 8.

<u>Respondent</u>	<u>Classification</u>	<u>Wage (\$/hr)</u>
Grant Applicant	1	\$ 5.15
Loan Applicant	1	8.00*
Borrower	2	14.00**
Seller	3	15.00
Packager/Broker	4	20.00+
Tradesman/Builder	5	28.00++
Architect/Engineer	6	30.00
Medical/Professional	7	37.00-

*A range was used for loan applicants depending upon their financial circumstances. For example, an applicant with a very low income would

have a lower hourly wage than an applicant with a low or moderate income (\$5.15 - \$17.00=\$12.00).

** A range was used for program borrowers depending upon the borrower's financial circumstances. For example, a borrower requesting a moratorium (stop on payments) would have a lower income than a borrower that is being requested to refinance their RHS loan with other credit (\$8.00-\$20.00=\$12.00/2=\$6.00 + \$8.00=\$14.00).

+ A range was used for Realtors/Brokers to cover their varied staff (\$15.00-\$25.00=\$10.00/2=\$5.00 + \$15.00=\$20.00).

++ A range was used for Tradesman/Builders to cover their varied staff (\$17.00 - \$40.00).

- A range was used for Medical/Professional to cover their varied staff (\$15.00 - \$60.00).

The total cost to the public is \$5,752,684.

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

- a. Total capital and startup cost component (annualized over its expected useful life).
- b. Total operation and maintenance and purchase of services component.

There are no capital/startup costs.

14. Provide estimates of annualized cost to the Federal Government

The annual cost for Rural Development to develop and administer this regulation and its handbooks is \$104,692,000 determined by multiplying the number of employees directly involved in the preparation and administration of this regulation (approximately 7,000), times a national average cost factor (GS-9, step 1 - \$37,390), times a national average percentage of time employees are involved (40%). The cost factor includes salaries, benefits, travel, communication, supplies, etc.

FSA costs are minimal as only a limited amount of information collections are included in this package. FSA employees spend approximately one-half hour processing the information collections obtained on forms included in this package. Responses will be received from 39,237 FSA respondents. The average salary for FSA employees who analyze the collections, including

adjustments for benefits and miscellaneous expenses, is \$63,497 (\$30.50 per hour). Total cost for FSA is \$598,364.

Therefore, the total cost to the Federal Government is \$105,290,364.

15. Explain the reasons for any program changes in Items 13 or 14.

This final rule is adopting homeownership education requirements resulting in a program change increase of 121,768 burden hours. Also reflected in this submission is an adjustment increase of 28 hours. The adjustment consists of 18 hours for the previously approved form 3550-30 and 10 hours to correct an error in OMB's previously approved inventory. This is an overall increase of 121,796 hours from the last submissions total of 454,529. As stipulated under the "Terms of Clearance" comments received on the proposed rule were sent to OMB prior to publication of the final rule. The Agency is now asking OMB to take action on this final rule collection package.

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

There is no specific collection of information requirement in this rule that will be published.

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

It is not cost effective for the Agency to display the expiration date on the forms due to the large number of field offices and the significant difference in the volume of forms used by these offices.

18. Explain each exception to the certification statement identified in Items 19 on OMB 83.1.

There are no exceptions requested.

19. How is this information collection related to the Service Center Initiative (SCI)? Will the information collection be part of the one stop shopping concept?

USDA Service Centers deliver the direct Section 502 loan and Section 504 loan and grant programs. The public burden estimated in this package includes any information that is collected at a Service Center. Automation initiatives proposed for Service Center, if funded and implemented, have the potential to reduce information collection in the future.