

## 2019 SUPPORTING STATEMENT

### Form RD 410-8 “Applicant Reference Letter” 0575-0091

#### A. Justification

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

The Rural Housing Service (RHS), under Section 502 of Title V of the Housing Act of 1949, as amended, provides financial assistance to construct, improve, alter, repair, replace, or rehabilitate dwellings, which will provide modest, decent, safe, and sanitary housing to eligible individuals in rural areas. To receive a loan or grant, applicants must provide the Agency with a standard housing application (used by government and private lenders), and provide documentation, including their credit history, to support the same.

Form RD 410-8, “Applicant Reference Letter” is collected and used by Agency personnel to substantiate an applicant’s credit history when a credit report is limited and insufficient to determine their eligibility and creditworthiness for RHS Single Family Housing (SFH) Direct loans and grants programs. This form is not used to verify an applicant’s rental history. Loan Originators use Form RD 1944-60 “Landlords’ Verification” (approved under 0575-0172) when rental history is needed.

##### 2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the Agency has made of the information received from the current collection.

Form RD 410-8, “Applicant Reference Letter” is used by the Agency to obtain information about an applicant’s credit history that does not appear on a credit report. The form can be used to document the applicant’s ability to handle credit effectively in cases where an applicant has used nontraditional sources of credit which do not appear on a credit report. It also provides a mechanism for verifying repayment history for debts reported by the applicant on the loan application that do not appear on the credit report. This form asks only for specific, relevant information to determine the applicant’s creditworthiness and to establish the applicant’s history of prompt payments on debts. This information enables RHS to make better creditworthiness decisions.

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

The use of automated, electronic, mechanical or other technological collection techniques is not applicable to this type of data collection. However, the form is electronically generated with the Agency and applicant’s name and address, as well as the creditor’s

name and address. The Agency only uses this form when sufficient credit information is not available through electronic means (e.g., credit report).

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

The information collected by this form is not duplicative. The main justification for this form is the unavailability of credit information through traditional sources reported in the credit report. The information collected is specific to each individual applicant. All duplication has been removed from the process where possible.

5. If the collection of information impacts small businesses or other small entities (item 5 of OMB Form 83-1), describe any methods used to minimize burden.

Information will be collected from small entities. The information to be collected is in a format designed to minimize the paperwork burden on small businesses and other small entities. To further ensure the minimal amount of burden as possible on any entity, RHS sends a preaddressed, pre-stamped envelope to the entity which the entity uses to return Form RD 410-8. The information collected is the minimum needed by the Agency to carry out the Act. Of the respondents, we estimate that fewer than 20% are small businesses.

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

This collection is conducted to determine the eligibility of an applicant for RHS assistance and it is not feasible to collect the information less frequently. Less frequent collection would effectively mean RHS would have to eliminate creditworthiness as a criteria for loan eligibility and could potentially increase debts owed to the Federal government.

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. For each individual applicant, an entity would only have to respond one time.

b. Requiring written responses in less than 30 days.

There are no specific information collection requirements that require less than a 30-day response.

c. Requiring more than an original and two copies.

There are no specific information collection requirements that require 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. If applicable, identify the date and page number of the publication in the Federal Register of the agency's notice soliciting comments on the information collection. Summarize public comments received and describe actions taken by the agency in response to these comments. Describe efforts to consult with persons outside the Agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, reporting format (if any), and on data elements to be recorded, disclosed, or reported.

A Federal Register Notice soliciting comments on the Paperwork Burden Package was published on March 6, 2019, [84 FR 8072]. No comments were received.

RHS consulted with the following outside sources to ensure that the burden is reasonable, necessary, and kept to a minimum: Teresa Alvarado from Florida Home Partnership (813-672-7860), Dominique Johnson from Homes in Partnership (407-886-2451), Jim Spivey from Signature Homes (863-967-8527), and Vickey Stratton from Northwest Regional Housing Authority (870-743-6779). They were recommended by the Agency because of their thorough knowledge of Rural Development programs or because of their experience of working with individuals with non-traditional credit. There were no problems identified in the consultations.

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

There are no payments or gifts given to respondents.

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

It is the Agency's policy to only release financial and personal information with the applicant's written permission. However, there has been no assurance of confidentiality provided to the respondents by the Agency.

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 is no information collected of a sensitive nature.

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

The burden for this form will be accounted for within the individual collection packages using this form. The time required to complete this information collection is estimated to average 6 minutes per response, per form including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

RD is requesting approval for one respondent and one burden hour in order for OMB to retain this control number for this form. The total estimated burden for RD's use of the form is thus one hour, in order for RD to distribute the approved form to programs. RD programs using the form will reflect the approved OMB control number of the package and account for the burden within their individual collection packages when they seek OMB approval or re-authorization.

According to the U.S. Bureau of Labor Statistics, Occupational Employment Statistics, the median hourly wage of the person completing the form, Bookkeeping and Accounting Clerks, is \$24.72 per hour (including fringe benefits) (May 2017).

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

a. Total capital and start-up cost component (annualized over its expected useful life).

There are no start-up costs involved in this information collection.

b. Total operation and maintenance and purchase of services component.

There are no operation and maintenance and purchase costs involved in this information collection.

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

Government costs are covered under information collections by each program using this form.

15. Explain the reasons for any program changes or adjustments reported in items 13 or 14 of the OMB Form 83-1.

With this renewal submission, RD is requesting approval of one respondent, 1 response, and one burden hour to retain this OMB control number for approval of the form. This is a decrease of 25,154 responses and 2,515 burden hours. The burden for this form, an estimated 6 minutes per response, will now be accounted for within the individual RD collection packages using this form when they seek approval or reauthorization.

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

The collection of this information will not be published for statistical purposes.

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

RHS forms are posted on the internet and are readily available to RHS field offices nationwide. These forms have been automated to allow RHS staff to fill and print the forms on demand. Every time a new form is approved, or a current form is updated, RHS has to submit a Request for Automation. The process of updating, formatting and posting the form could take between three and six months depending on the complexity of the form and the volume of work of the technicians processing forms automation. This process is neither time nor cost effective for the Agency. RHS could be forced to use paper forms again if the form available online expires, increasing the cost of paper supplies and potentially disrupting operations.

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

There are no exemptions 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?

The information requested on this form is authorized to be collected by the Rural Housing Service (RHS), Rural Business-Cooperative (RBS), Rural Utilities Service (RUS), and the Farm Service Agency (FSA) by Title V of the Housing Act of 1949, as amended or by the Consolidated Farm and Rural Development Act or by other laws administered by RHS, RBS, RUS or FSA. However, the form is currently used by RHS. No, the information collection will not be part of the one-stop shopping concept. The information obtained is

used exclusively for SFH Direct loans and grant programs and it is not shared with other agencies.