

**INTERSTATE LAND SALES FULL DISCLOSURE ACT
(REGULATIONS J, K & L)
(OMB CONTROL NUMBER: 3170-0012)**

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

The Interstate Land Sales Act (ILSA) 15 U.S.C. 1703-1704 as enforced by CFPB'S regulations J, K, and L (12 CFR Parts 1010, 1011, & 1012) require land developers to register with the Bureau subdivisions of 100 or more non-exempt lots and to provide each purchaser with a disclosure document designated as a property report. ILSA was enacted in response to a nation-wide proliferation of developers of unimproved subdivisions who made elaborate and often fraudulent, claims about their land to unsuspecting lot purchasers. Information is submitted to the Bureau to assure compliance with ILSA and the implementing regulations. The Bureau also investigates developers who are not in compliance with the regulations.

The following list provides the relevant section of each statute and regulation requiring a collection of information:

- Registration of Projects – 12 CFR 1010.100 - 1010.219 and 15 U.S.C. 1701
- MSA Exemption Certificate/Affirmation - 12 CFR 1010.13(a)(9) and 15 U.S.C. 1702
- Option to Cancel Notification - 12 CFR 1010.15(b)(5)(i) and 15 U.S.C. 1703
- Sample Registration Format/ Lot Information and Sample Receipt - 12 CFR 1010.15(b)(11) and 15 U.S.C. 1705
- Advisory Opinion Affirmation - 12 CFR 1010.17(b)(3) and 15 U.S.C. 1702
- Initial and Consolidated Fee Schedule - 12 CFR 1010.35(b) and 15 U.S.C. 1704
- Property Reports Receipts for Lots Sold in Registered Projects – 12 CFR 1010.118 and 15 U.S.C. 1707(a)
- Financial Statements (FS) – 12 CFR 1010.212(d) & 12 CFR 1010.112 and 15 U.S.C. 1705
- Unconditional Guarantee – 12 CFR 1010.212(g) and 15 U.S.C. 1705
- Annual Reports for Registered Projects (AR) – 12 CFR 1010.310 and 15 U.S.C 1705
- Exemption Filing (including Multiple Site Exemption Projects) – 12 CFR 1010.15 & 1010.16 and 15 U.S.C. 1702(c)
- Lot Information Statement and Property Report Receipts for Multiple Site Exemption Projects – 12 CFR 1010.15 and 15 U.S.C. 1702(c)
- Annual Report for Exempted Projects – 12 CFR 1010.15(d) and 15 U.S.C. 1701

- Advertising Disclaimers (AD) – 12 CFR 1011.50(a) and 15 U.S.C. 1703, 1705
- Restrictive Covenants – 12 CFR 1010.109(f)(1)(iii) and 15 U.S.C. 1705
- Statement of Record – 12 CFR 1010.21(b)
- Voluntary Suspension Form – 12 CFR 1010.21(b)
- Disclosure Document Certification - 12 CFR 1010.504(a)(2) and 15 U.S.C. 1708
- Property Report Cover Page Language - 12 CFR 1010.558(a)(1) and 15 U.S.C. 1703
- Revocation Rights Notification - 12 CFR 1010.559(a)(1) and 15 U.S.C. 1703

ILSA partially exempts sales and leases of condominium units.¹ Therefore, we restrict our burden estimates to collections related to land sales only.

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.

Respondents are developers, attorneys, or and others who work for them. As respondents, developers must provide information to two parties: government (the Bureau) and prospective lot purchasers.

The developer must register a subdivision with the Bureau and receive an effective date for its registration documents before any lots from that subdivision can be sold or leased. The registration documents (also called Initial Statement of Record) include the proposed property report and additional information and documents that support the developer's disclosures in the property report.

The initial registration includes a copy of financial statements and a receipt of paid registration fees. If after the initial registration there are any material changes, developers must submit amendments to their registrations. In addition, if other lots are added to the existing subdivision, a developer must submit a consolidated filing.

The developer must also submit to the Bureau an annual financial statement and an annual report of activity on any initial or consolidated registration not under suspension. The annual report of activity is to be prepared in the format required by Section 1010.310 of Regulation J. However, a developer may voluntarily suspend the registration by submitting a Voluntary Suspension Form, which can be obtained through request of the Bureau.

Developers must give purchasers a copy of an up-to-date property report before the purchaser signs the sales contract. The developer is responsible for ensuring that the registration is accurate and does not omit information needed for a purchaser to make an informed decision. Developers are also required to make copies of financial statements readily available.

¹ This exemption for condominium units was codified through the so-called Condominium Act, H.R. 2600, signed into law in September 2014. The exemption, along with other exemptions, is listed in the statute at 15 U.S.C. 1702.

The Bureau conducts a review of the submissions. The developer may request an Advisory Opinion if a developer has questions about the applicability of one of the exemptions from registration. Additionally, developers must file requests in order to claim an exemption from registration under the multiple site or substantial compliance exemptions. Other exemptions are self-determining. The Bureau may require additional information from developers in response to investigations of complaints. For the purposes of communication with developers, the Bureau collects contact information.

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. Also, describe any consideration of using information technology to reduce burden.

The Bureau implemented a web portal that allows electronic submission of many required elements of this information collection thus reducing compliance burdens and costs.

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 A.2 above.

There is a State Certification Program that attempts to eliminate duplication.

Developers in States that have an equivalent and certified land sales program may file a certified copy of the State filing to meet Federal requirements. Additionally, 22 states accept a federal registration as meeting state disclosure and consumer protection requirements.

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

Subdivisions of fewer than 100 lots are exempt from any registration requirements.

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

The frequency of the information collection is determined by statute and/or regulation. Less frequent collection of the information could increase the likelihood of a property report not having the current information and purchasers not having proper information on which to base their purchases.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- **requiring respondents to report information to the agency more often than quarterly;**
- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- **requiring respondents to submit more than an original and two copies of any document;**
- **requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;**
- **in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**
- **requiring the use of statistical data classification that has not been reviewed and approved by OMB;**
- **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**
- **requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

The collections of information in these rules are consistent with the applicable guidelines contained in 5 CFR 1320.5(d)(2).

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

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, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years -- even if the collection-of-information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

In accordance with 5 CFR §1320.8(d)(1), the Bureau has published a notice in Federal Register that provides the public 60 calendar days to comment on the extension of reporting requirements contained within OMB Control No. 3170-0012.¹ No comments were received.

Also, in accordance with 5 CFR §1320.5(a)(1)(iv), the Bureau has also published a notice in the Federal Register providing the public 30 days to comment on reporting requirements contained within this information collection request.²

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

No payments or gifts are provided to respondents.

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

Whenever the Bureau receives information obtained in association with ILSA, the Bureau shall treat the information in accordance with applicable Federal law, including but not limited to the Bureau's confidentiality rules, 12 CFR Part 1070, and the Federal laws and regulations that apply to Federal agencies for the protection of privacy, confidentiality, security and integrity.

In general, the information collected under ILSA and its implementing regulations is meant to be available to the public, and as such there are no assurances of confidentiality. To the extent that any potentially sensitive information is collected by the Bureau, such as the names, addresses, and financial statements of developers, this information is being used to help avoid fraud on the part of sales or leases and as such necessary for this charge.

The Bureau also evaluates the potential privacy risk and harm to individuals relative to the authorized purpose, and vets any research proposals on the data to ensure that they serve an authorized purpose. Disclosure by the federal government of information it collects pursuant to ILSA and its implementing regulations under any studies using these data will be consistent with the Privacy Act and the E-Government Act. The requisite SORNs (System of Records Notice) and PIAs (Privacy Impact Assessment) will document the collection, use, disclosure, and retention of PII; the technical, administrative, and physical controls used to minimize privacy risks. The Bureau's CFPB.012 – Interstate Land Sales Registration Files Interstate Land Sales Registration Files (ILS), 76 FR 77470 SORN, and the Interstate Land Sales Registration Files PIA, which is pending publication, cover the use of the data. The SORN and PIA will be updated, as appropriate.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered

¹ 87 FR 20393 (published on 4/7/2022).

² 87 FR 40514 (published on 7/7/2022; comment period ends on 8/8/2022).

private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

Developer financial statements are generally considered sensitive, especially for nonpublic companies. However, disclosure of this information allows consumers transparency into developers' financial history so they will be able to ascertain the financial condition of the company they are transacting with.

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

Initial Registration						
Collection of Information	Type of Collection	Number of Respondents	Frequency	Number of Responses	Response Time (Hours)	Burden (Hours)
Cover Letter	Reporting	11	1	11	0.25	2.75
Receipt of Paid Fees	Reporting	11	1	11	0.5	5.5
12 CFR 1010.208 – 1010.219	Reporting	11	1	11	63	693
Property Report	Reporting	11	1	11	40	440
TOTAL		11 ¹		44		1,141

Consolidated Statement of Record and Final Property Report						
Collection of Information	Type of Collection	Number of Respondents	Frequency	Number of Responses	Response Time (Hours)	Burden (Hours)
Consolidated	Reporting	51	1	51	15	765
Receipt of Paid Fees	Reporting	51	1	51	0.5	25.5
Property Report	Reporting	51	1	51	1	51
12 CFR 1010.208 – 1010.219	Reporting	51	1	51	1	51
Amendment	Reporting	65	1	65	5	325
Final Version of Property Report	Reporting	67	1	67	2.5	167.5
TOTAL		67 ¹		336		1,385

Annual Submissions						
Collection of Information	Type of Collection	Number of Respondents	Frequency	Number of Responses	Response Time (Hours)	Burden (Hours)
Annual Report	Reporting	86	1	86	0.5	43
Receipt of Paid Fees	Reporting	60	1	60	0.25	15
Financial Statements	Reporting	51	1	51	0.5	25.5

¹ Quantity of unduplicated respondents

Voluntary Suspension Form	Reporting	1	1	1	1	1
TOTAL		86 ¹		198		85

Collections Given to Lot Purchasers						
Collection of Information	Type of Collection	Number of Respondents	Frequency	Number of Responses	Response Time (Hours)	Burden (Hours)
Property Report	Reporting	77	30.7	2,365	0.3	709.5
Lot Information Statement	Reporting	8	36.6	293	0.3	87.9
TOTAL		77 ¹		2,658		797

For Land Subdivisions in Certified States (California & Arizona)						
Collection of Information	Type of Collection	Number of Respondents	Frequency	Number of Responses	Response Time (Hours)	Burden (Hours)
Fact Sheet (prepared for initial registration)	3 rd Party Disclosure	1	1	1	1	1
Fact Sheet (prepared for consolidation)	3 rd Party Disclosure	0	0	0	0	0
Fact Sheet (prepared for amendment)	3 rd Part Disclosure	3	1	3	1	3
TOTAL		3 ¹		4		4

Burden Estimate totals:

- Respondents: 197
- Responses: 3,240
- Hours (annually): 3,412

In our previous clearance period, there were 197 land subdivisions that are potentially subject to ILSA information collection requirements. These 197 land subdivisions were maintained by 180 developers. Because the information collection requirements are specified per subdivision (not per developer) for the purposes of burden calculations, we use subdivision as a unit of analysis. As a result, the overall number of potential respondents is estimated to remain at 197.

The number of respondents varies by collection because some collections must be submitted only under specified circumstances. For instance, only a subdivision for which the registration is not under suspension is obliged to submit the Annual Report (and we find that 134 out of the potential 197 did so).

The primary method of calculating the counts of collections (with an exception of collections given out to lot purchasers) is by utilizing the database of submissions maintained by the Bureau. The advantages of this method are accuracy and consistency across periods of renewal. The

average response times and appropriate hourly rates are obtained through interviews with industry experts.

In calculating burden hours, we make a distinction between subdivisions registered in states that participate in the state certification program (California and Arizona) and subdivisions in other states' developers that sell lots in California and Arizona are already subject to state filing requirements that are like those required by ILSA. The marginal burden of complying with ILSA for such developers consists of fact sheets that they must file along with Initial Registration, Consolidation or Amendment. The costs associated with those fact sheets are presented is noted in the above table.

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

Non-labor costs related to information collections under ILSA have two components: registration fees and costs associated with production and submission of documents. The table provides detail on both components. Consistent with our approach we count costs only associated with land subdivisions.

Description of costs	Unit Cost	Units	Total Cost
Fees paid for Initial Registration	\$800	6	\$4,800
Fees paid for Consolidation	\$800	32	\$25,600
Fees paid for Annual Report filing	\$800	53	\$42,400
TOTAL Cost Burden			\$72,800

The major component of the cost is the Property Report. We distinguish between the cost of creating the first copy of the Property Report (which is more substantial) and the cost of later submissions (which is smaller). The first copy of the Property Report is submitted together with other documents required by the Initial Registration. The subsequent copies of the Property Report received by the Bureau are either exact copies of the initial Property Report, or its modifications (such as required by Consolidation or Amendment).

There are special circumstances regarding Financial Statements. ILSA generally requires audited Financial Statements (produced by an independent licensed public accountant) which can increase the cost of their production. However, we understand that in most cases developers must produce them in the normal course of business because banks may require them in the context of extending credit to a developer. Therefore, we assume that the marginal burden of complying with ILSA in this respect is zero. In lieu of audited Financial Statements, developers may sometimes submit unaudited ones. The Bureau understands that the production of unaudited Financial Statements is mostly triggered by the Bureau requirements (i.e. that they

would not otherwise be produced in the normal course of business) and, therefore, we attribute the cost of their production to ILSA.

14. Provide estimates of the annualized cost to the Federal Government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 into a single table.

ILSA oversight costs for the Bureau are approximately \$400,000/year. This represents the estimated cost factor of two full-time employees. The annual cost has been partially offset by registration fees paid by the developers. Since the last renewal of this collection, the Bureau amended the regulations to allow for the electronic filing of all registration materials reducing compliance burdens and associated costs. With this change, the Bureau was able to eliminate a \$600,000/year contract with a third-party vendor that provided records conversion services for the Bureau. Therefore, the estimated gross annual cost to the Federal Government is \$400,000 for two full time employees.

Annual cost to the Bureau, however, is partially offset by registration fees paid to the Bureau by developers. These fees totaled \$72,800 in the last fiscal year (paid by both land and condos developers).

The total cost to the Federal Government is \$327,200 (\$400,000 - \$72,800).

15. Explain the reasons for any program changes or adjustments.

The Bureau is making no program changes or adjustments to this information collection.

ICR Summary of Burden					
	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Previously Approved
Annual Number of Responses	3,240	0	0	0	3,240
Annual Time Burden (Hours)	3,412	0	0	0	3,412
Annual Cost Burden (\$)	72,800	0	0	0	72,800

Interstate Land Sales Full Disclosure Act (Regulations J, K, & L)

OMB Control Number: 3170-0012

RIN: N/A

OMB Expiration Date: 7/31/2022

16. For collections of information whose results will be published, outline plans for tabulations, and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

There are no plans to provide any publications based on the information collection of this regulation.

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.

The OMB control number and expiration date associated with this Paperwork Reduction Act (PRA) submission will be displayed on the Federal government's electronic PRA docket at www.reginfo.gov, as well as on the relevant information collection instruments.

18. Explain each exception to the certification statement.

The Bureau certifies that this collection of information is consistent with the requirements of 5 CFR 1320.9, and the related provisions of 5 CFR 1320.8(b)(3) and is not seeking an exemption to these certification requirements.