<u>**2022 SUPPORTING STATEMENT**</u>

7 CFR 1910-B and C, Federal Debt and Employment Verification Compliance Requirements
Common Forms Package
OMB No. 0575-XXXX

This information collection will be utilized by the Rural Housing Service (RHS), Rural Business and Cooperative Service (RBCS) and Rural Utilities service (RUS), Agencies within Rural Development (RD) for various loan and grant making activities. We are requesting a 3-year clearance of this package and classification as a Common Form package.

A. <u>Justification</u>

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 collection of information.

The Rural Housing Service (RHS), Rural Business and Cooperative Service (RBCS) and Rural Utilities service (RUS) agencies within the Rural Development mission area, hereinafter referred to as Agency, is the credit Agency for agriculture and rural development for the United States Department of Agriculture. The Agency offers offer loans, grants and loan guarantees to help create jobs and support economic development and essential services such as housing; health care; first responder services and equipment; and water, electric and communications infrastructure on an equal opportunity basis.

The information collection under OMB Number 0575-New will enable the Agencies to effectively monitor a recipient's compliance with the federal debt reporting and to determine employment verification and eligibility for Federal financial assistance.

The Agencies offer supervised credit programs to build modest housing and essential community facilities in rural areas. Section 517 (d) of Title V of the Housing Act of 1949, as amended, provides the authority for the Secretary of Agriculture to issue loan guarantees for the acquisition of new or existing dwellings and related facilities to provide decent, safe, and sanitary living conditions and other structures in rural areas.

Because the Agency extends credit through loan guarantees, it is necessary to collect information from both a potential homebuyer, lender or other entity. All information collected is vital for the Agency to determine if borrowers qualify for all assistance for which they are eligible.

The Agency loan guarantee is used to offset the lender's risk of originating loan-to-value ratio loans in rural areas and is not intended to offset risks that stem from inadequate employment, credit history, or substandard property condition. Lenders must provide the Agency with clear and accurate information so Agency staff can promptly determine if the loan qualifies for a loan guarantee.

Information requested can include financial documents such as confirmation of household income, assets and liabilities, a credit record, evidence the borrower has adequate repayment ability for the loan amount requested and if the condition and location of the property meet program guidelines. All information is necessary to confirm the borrower qualifies for all assistance for which they are eligible.

In accordance with OMB Circular A-129, Agencies must make sure that lenders and servicers participating in Federal Credit programs meet all applicable financial and programmatic requirements. To ensure these standards are met, the Agency must collect documentation that demonstrates the lender's ability to originate, underwrite, service and report loans in accordance with Agency program guidelines is collected. Information collected must support that a participating lender has a high standard of demonstrated ability to originate and service sound loans and operates in a prudent and businesslike manner.

The Agency has considered the impact on the public to ensure that the information collected is the minimum required to comply with applicable laws and authorities and to meet program objectives. The information submitted by the lender to the Agency is used by the Agency to manage, plan, evaluate, and account for Government resources. The information collected is necessary to ensure the proper and judicious use of public funds.

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:

To participate in the program lenders must submit to standards which ensure the loan objectives are met which are to grant loan guarantees to qualified lenders who approve mortgage loans on a sound and collectible basis to eligible individuals and families, while serving the legitimate credit needs of the communities in rural areas. The lender submits qualifications to the Agency and enters into an agreement that outlines both the lender and Agency's commitments and responsibilities under the guaranteed program. Confirmation of those qualifications is necessary to ensure the lender possesses a high standard of demonstrated ability to originate service, hold and report loans in accordance with Agency guidelines. In the future, lenders that are federally supervised will not be required to submit additional paperwork as evidence of demonstrated ability.

The lender works independently with applicants to ensure the applicant meets all eligibility criteria for the guaranteed program; including reviewing the application, processing and underwriting the loan. Approved lenders may utilize agents or third-party providers to assist with the origination process. The approved lender remains responsible for obtaining a commitment and loan note guarantee.

For every loan request delivered to the Agency, the lender must establish that the applicant meets the income eligibility criteria, has the ability to repay the debt for the requested loan; is willing to repay the debt based upon credit history; the property is sufficient security for the mortgage and the property is in an eligible rural area. Although the lender must underwrite the applicant and property information to ensure that the loan meets all program criteria, the Agency must review the electronic loan file to ensure that loans to be guaranteed meet SFHGLP requirements. Provided the Agency review indicates the loan meets all program requirements, the Agency will agree to guarantee the loan, subject to any conditions provided for in the Agency's written commitment to the lender.

Multi-Family, Community Facilities, Business Programs, and Rural Utilities loan and grants programs collect and maintain data from beneficiaries. Single-Family Housing applicants provide information to the Agency for its use.

The information is used by Rural Development to determine whether a loan/grant can be approved, to ensure that Rural Development has adequate security for the loans financed, to provide for sound construction and development work and to determine that the requirements of the applicable acts have been met. The information is also used to monitor compliance with the terms and conditions of the loan/grant and to monitor the prudent use of Federal funds.

Specifically, the burden to be cleared with this docket is as follows:

REPORTING REQUIREMENTS - FORMS

Information collected includes the following forms:

- RD 1910-11, "Certification of No Federal Debt." This form, signed by the applicant, authorizes the Federal Government to check credit information about the applicant(s) including using the Federal Credit Alert Interactive Voice Response System (CAIVRS) or its successors to check to see if the applicant(s) are delinquent or in default on a Federal debt.

- Form RD 1910-5, “Request for Verification of Employment” (employer) This form, which requires the employer’s completion and signature, is the alternative method of verifying an applicant’s or borrower’s wages. The preferred verification method is obtaining copies of current paycheck stubs from the applicant/borrower.

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 information collected is of such type and nature that the use of improved information technology, such as data and word processing would not significantly reduce the public burden. Information for each loan/grant application is unique and, therefore, cannot take significant advantage of this technology. Forms have been automated and are available on the USDA Service Center website. Provision of information is faster, however the time for electronic input roughly equals the time for handwriting the form.

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.

Every effort has been made to identify and avoid unnecessary duplication of information collection. The conditions involved with every loan/grant request are unique. Duplication of information is required only when determined necessary to ensure all involved parties have sufficient information to carry out their responsibilities. There is no duplication of information required by other Federal Government agencies.

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.

The information collection required by the regulations governing the use of the forms cleared in this collection places no burden on small businesses or other small entities beyond, that which is performed in normal business practice.

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.

The information required is usually collected only when needed for each loan/grant request. Collection is not made on a periodic basis, except when consistent with normal business practice. Therefore, the frequency of collection is at the absolute minimum to enable accurate and responsible determinations are made. Information cannot be obtained less frequently.

If the information were not collected and submitted, Rural Development would not have control over the type and quality of construction and development work planned and performed with Federal funds. Rural Development would not be assured that the security provided for loans is adequate, nor would Rural Development be certain that decent, safe, and sanitary dwellings or other adequate structures were being provided to rural residents, as required by the Housing Act of 1949, as amended and the Consolidated Farm and Rural Development Act, as amended.

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. Respondents are obligated to report all required information, however there are no special circumstances that would require respondents to report information more than quarterly. The State Director is responsible for requiring subsequent compliance reviews at intervals no less than 90 days, or more than five years, after the previous compliance review.

b. Requiring written responses in less than 30 days. No written responses required in less than 30 days.

c. Requiring more than an original and two copies. There is no requirement of requesting more than an original and two copies.

d. Requiring respondents to retain records for more than five years. Respondents are not required to retain records for more than five years.

e. Not utilizing statistical sampling. There is no such requirement.

f. Requiring use of statistical sampling which has not been reviewed and approved by OMB. No such requirements exist

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

On January 23, 2023 in Vol. 88, No. 14, USDA's Rural Development published the notice of information collection and request for comments in the Federal Register. No comments were received.

In the 60-day Federal Register notice, RD accounted for each form to have 1 respondent and a 15- minute place holder for form 1910-5 and 1910-11. The actual burden hours for each of the forms will be calculated when the program areas that utilize these forms account for the burden of the form(s) in their individual collection package request for common forms (RCF) submission.

This is a new collection package request, and the agency has not solicited comments outside the 60-day notice. The Agency will solicit feedback when the associated collection for the programs that utilize the forms contained in this package are being updated and will be accounted for in their submission of their clearance package and RCF.

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

No payments or gifts are given to respondents.

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

The information collected will be statistically summarized and will not convey a particular person's race/national origin. Persons providing this information are given assurance that the information is used only for monitoring and statistical purposes. RD has no policy, statute or regulation that requires giving assurance of confidentially. Information is considered confidential and covered under the Privacy Act. Requests for information must be made under the Freedom of Information Act and will be processed in the usual procedure to protect the confidentiality of any person.

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.

No information of a "sensitive nature" is requested.

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

As discussed in Question 8, the burden for each of the forms will be accounted for within the individual Rural Development program collection packages using the forms. The time required to complete this information collection will vary depending the individual collection package submitted for approval. The time per response can include but is not limited to 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 per form as a place holder with the corresponding times to complete form as enumerated in question 2 and documented on the accompanying spreadsheet. Once RD receives approval of this common forms package. Rural Development will reflect the approved OMB control number of this common forms package on each form within this package and account for the specific burden for each form within their individual collection packages when they seek OMB approval or re-authorization.

The respondents to this collection are from multiple RD programs. The estimated annual costs to respondents cover a wide range of professions including, but not limited to applicants/borrowers, contractors, subcontractors, group type applicant/borrowers. Therefore, the Agency used an estimated hourly wage of $35.16/hour (including benefits as a percentage of total compensation for private trades of 29.9 percent[1]) from the "all occupations category", U.S. Department of Labor mean hourly rates in the United States in May 2020 (https://www.bls.gov/oes/current/oes_nat.htm).

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

There are no capital/start-up or operation/maintenance costs involved.

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

Government costs will be covered under information collections by each program using these forms.

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

This is a new information collection. The burden estimate for this collection is solely attributed to the fact that the forms will be used throughout RD.

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

The information collected will not be published, so no plans will be implemented.

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.

RD plans to display the new OMB control number and expiration date for the information collection on the forms after approval.

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

There are no exceptions to the certification statement identified in item 19 on OMB 83-I.

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

This information is not related to and will have no impact of the SCI initiative. The information collection under this regulation is case specific.