

2024 SUPPORTING STATEMENT

7 CFR PART 3550, "DIRECT SINGLE FAMILY HOUSING LOAN AND GRANT PROGRAMS," HB-1-3550, "FIELD OFFICE HANDBOOK" AND HB-2-3550, "SERVICING AND ASSET MANAGEMENT OFFICE HANDBOOK" (OMB No. 0575-0172)

A. Justification.

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.**

This collection of information is associated with a proposed rule (RIN 0575-AD32) that published on August 16, 2023 (88 FR 55601) in the Federal Register to amend the current regulations for the Single-Family Housing Direct and Guaranteed Programs found in 7 CFR part 3550 and 3555, respectfully.

USDA Rural Development (RD) is committed to helping improve the economy and quality of life in rural America. RD's Rural Housing Service (RHS or Agency) offers a variety of programs to build or improve housing and essential community facilities in rural areas.

The Housing Act of 1949 provides the authority for the RHS's direct single family housing loan and grant programs. The programs provide eligible applicants with financial assistance to own adequate but modest homes in rural areas. 7 CFR Part 3550 sets forth the programs' policies and the programs' procedures can be found in its accompanying handbooks (Handbook-1-3550 and Handbook-2-3550). To originate and service direct loans and grants that comply with the programs' statute, policies and procedures, RHS must collect information from low- and very low-income applicants, third parties associated with or working on behalf of the applicants, borrowers, and third parties associated with or working on behalf of the borrowers.

- 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. Be specific. If this collection is a form or a questionnaire, every question needs to be justified.**

Information needed for origination purposes is largely collected by RD field staff from applicants and third parties associated with or working on behalf of the applicants. Information needed for servicing purposes is largely collected by the Servicing and Asset Management Office (Servicing Center) from borrowers and

third parties associated with or working on behalf of the borrowers. The party collecting the information provides the respondent with the needed form(s) and/or non-form(s) along with sub v mission instructions. While submission instructions may vary, the Agency utilizes secure electronic means of submission when possible (e.g. eForms and password protected emails).

The information collected is used to:

- Determine if the applicable eligibility and/or action standards are met.
 - o If they are, the appropriate processing steps are taken.
 - o If they are not and the decision is adverse to the applicant/borrower, the respondent is notified of their rights.
- Ensure that any payments (i.e. the extended financing and payment subsidies) are proper under statutory, contractual, administrative, or other legally applicable requirements.

The paperwork burden to be cleared under this notice is described below. For items with an anticipated number of 1,000 or more respondents, the number of respondents was rounded up to the nearest 100. For items of less than 1,000 but more than 11, the number of respondents was rounded up to the nearest 10.

This collection of information is updated by removing the form, RD 1944-5, "Manufactured Housing Dealer-Contractor Application Form", from the collection of information package which reduces the applicant burden amounts. The current reporting requirements that are collected are described as follows:

REPORTING REQUIREMENTS - FORMS

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

This form, which requires the applicant's completion and signature, gathers information on the property (if identified) and the applicant (identifying information, employment, monthly income, assets, liabilities, and more). In order for an application to be considered complete, the applicant must provide this form and all of the applicable items that must accompany the application (as described under the non-forms section).

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.

Form RD 1940-16, "Promissory Note" (borrower)

This form, which requires the borrower's signature, describes what the borrower is agreeing to. The form provides details on (among other things) the interest rate, payments, late charges, default, and obligations of persons under the note.

Form RD 1940-41, "Truth in Lending Statement" (borrower)

This form, which requires the borrower's signature, discloses the annual percentage rate, the amount financed, the total of payments, the finance charge, and other conditions of an unsecured loan.

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

This form, which is issued by the Agency when the applicant is entering into a transaction that will result in a mortgage on a home they currently own, notifies the applicant of their right to cancel the transaction.

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

This form is used when the applicant/borrower wants to deduct their disability assistance expenses for a household member from their annual income. This form, which is completed by a physician or medical professional, certifies to the household member's disability/handicap. A benefit statement from a verified disability income (such as social security disability or disability compensation), can be used to verify the disability in lieu of Form RD 1944-4.

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" (borrower)

These forms determine the amount of payment subsidy a borrower may receive. The actual form used depends on the type of subsidy the borrower is entitled to receive. The forms, which require the borrower's signature, provide the terms of the agreement, the household and income information used to determine the payment subsidy, the calculation of the payment subsidy, and other relevant information.

Form RD 1944-36, "Application for Conditional Commitment" (agency)

A conditional commitment is a written assurance from the Agency to a qualified builder, dealer-contractor, or seller that a dwelling to be constructed or rehabilitated will be certified as acceptable for purchase by qualified loan applicants, as long as the construction and sales price meet certain conditions. This form is used by parties to apply for a conditional commitment.

Form RD 1944-60, "Landlord's Verification" (landlord)

This form, which requires the landlord's completion and signature, is used to verify the applicant's history of paying rent. The form is only requested if the applicant's credit score is less than 640.

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

This form, which requires a bank teller's (or equivalent) completion and signature, is only used if there is reason to question the accuracy of the bank statements provided by the applicant when originating the loan/grant. In servicing, this form is only used for borrowers selected for an in-depth control review.

Form RD 1955-1, "Offer to Convey Security" (borrower)

This form, which requires the borrower's completion and signature, is used when the borrower desires to convey title to their property to RD in full or partial satisfaction of their debt. The form outlines the terms of the offer and constitutes a formal agreement between RD and the borrower.

Form RD 1955-42, "Open Real Property Master Listing Agreement" (real estate agent)

This form constitutes a nonexclusive agreement between RD and a real estate agent who may list Real Estate Owned (REO) properties for sale. This method of listing is not preferred; exclusive agreements are preferred.

Form RD 1955-45, "Standard Sales Contract - Sale of Real Property by the United States" (borrower) (real estate agent)

This form is the sales contract for a REO property entered into by the purchaser, accepted (if applicable) by RD, and certified to by the real estate agent (if applicable).

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

This form is used when the property will be sold through a sealed bidding process. This process is generally used after a property is marketed under normal conditions for a specified period of time.

Form RD 3550-1, "Authorization to Release Information" (borrower)

This form, which requires the applicant's or borrower's signature along with each adult member of their household, authorizes a third party to release applicable

information (e.g. employment, assets, and credit) to RHS. While the authorization is valid for the life of the loan, borrowers are often asked to update the authorization in conjunction with a servicing action.

Form RD 3550-2, “Request for Verification of Gift/Gift Letter” (donor)

This form, which requires the donor’s completion and signature, verifies the amount of a gift to the applicant to help with transactional costs (e.g. closing costs, down payment, etc.), their relationship to the applicant, and certifies that the gift is not subject to repayment.

Form RD 3550-4, “Employment Certification and Asset Certification” (borrowers)

This form must be completed by all direct single family housing applicants. Using this form, applicants provide the employment status of all adult household members and agree to notify RHS in the event of a change in employment status. They also provide the nonretirement assets held by household members.

Form RD 3550-6, “Notice of Special Flood Hazard, Flood Insurance Purchase Requirements, and Availability of Federal Disaster Relief Assistance” (borrower)

This form, which requires the applicant’s signature when they wish to purchase (and/or repair) a home that is located in a special flood hazard area, provides information on the flood insurance purchase requirements and federal disaster relief assistance.

Form RD 3550-7, “Funding Commitment and Notification of Loan Closing” (borrower)

This form, which requires the applicant’s completion and signature, notifies the applicant of their loan approval and stipulates any conditions that must be met before loan closing.

Form RD 3550-9, “Initial Escrow Account Disclosure Statement” (borrower)

This form, which requires the applicant’s or borrower’s signature, provides the initial disclosure to the applicant/borrower regarding their monthly escrow payment and anticipated escrow activity during the coming year.

Form RD 3550-10, “Condominium Rider” (borrower)

This form, which requires the borrower’s signature when they are purchasing a condominium, certifies they agree to comply with the condominium covenants.

Form RD 3550-11, “Planned Unit Development Rider” (borrower)

This form, which requires the borrower’s signature when they are purchasing a home in a Planned Unit Development (PUD), certifies they agree to comply with the PUD covenants.

Form RD 3550-12, “Subsidy Repayment Agreement” (borrower)

This form, which requires the borrower’s signature, explains recapture (i.e. the subsidy received that must be repaid to the Agency), when it’s triggered, and how it is calculated.

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

This form, which requires the borrower’s signature, is an agreement between the borrower and RHS that gives RHS the right to take the property should the borrower default on the terms of their agreement. In some states, a mortgage is required; in others a deed of trust is utilized. Each State has its own form. For this reason, a copy of the form was not provided for your review.

Form RD 3550-15, “Tax Information”

This form, which requires the closing agent’s completion and signature, obtains information on the property’s taxing authority and status.

Form RD 3550-18, “Reamortization Agreement” (borrower)

This form, which requires the borrower’s signature, capitalizes a borrower’s outstanding loan balance.

Form RD 3550-20, “Application for Settlement of Indebtedness” (borrower)

This form, which requires the borrower’s completion and signature, is used to request settlement of their debt to RHS. It is generally completed after a loan is liquidated.

Form RD 3550-21, “Payment Subsidy Renewal Certification” (borrower)

This form, which requires the borrower’s completion and signature, initiates the renewal of the borrower’s payment subsidy.

Form RD 3550-22, “Assumption Agreement - Single Family Housing” (borrower)

This form, which requires the borrower’s signature when assuming a debt from an existing borrower (either on new rates and terms or on same rates and terms),

documents the borrower's agreement to assume responsibility for the existing Promissory Note.

Form RD 3550-23, "Applicant Orientation Guide" (borrower)

This form is required of all loan applicants after they are determined eligible for a direct single family housing loan.

Form RD 3550-24, "Grant Agreement" (grantee)

This form, which requires the grantee's signature, formalizes the requirement to repay the grant if the grantee's property is sold within three years of receipt of the grant.

Form RD 3550-25, "Loan Closing Instructions and Loan Closing Statement"

This form is largely completed by the Agency; however, the closing agent uses this form to certify that the loan was closed in accordance with the instructions provided by RD.

Form RD 3550-28, "Authorization Agreement for Preauthorized Payments"

This form is to be used for authorization of installments made on eligible Rural Development program loans using the Preauthorized Debit (PAD) payment system.

Form RD 3550-29, "Document Errors and Omissions Agreement"

The time required to complete this information collection is estimated to average 10 minutes per response.

This form is completed by the Agency; however, the borrower signs to agree to fully cooperate and adjust for document errors and omissions, if requested.

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

This form, which requires the bank teller's (or equivalent) completion and signature, is used in evaluating the applicant's eligibility for refinancing of existing non-Agency debt. The form requests specific account information (e.g. account number, current principal balance, current interest rate, amount of delinquency (if applicable), and specific purpose of the debt).

Form RD 3550-34, "Option to Purchase Real Property"

This form, which requires the buyer's and seller's completion and signatures, constitutes a contract to purchase a property. This form is optional and is generally limited to transactions that don't involve a real estate agent.

3550-35, 504 Home Repair Loan and Grant Intake Form

This form will be used by the Field Staff as a 'prequalification' process to increase program usage while relieving applicant burden.

REPORTING REQUIREMENTS – NON FORMS

Attachment 3-J, checklist of items to accompany the uniform residential loan application

In order for a Section 502 direct loan application to be considered complete, the applicant must complete/sign the application form and provide all the applicable items to accompany the application.

Certificate of homeownership education

Applicants that are first time homebuyers are required to take a homeownership education course from an Agency-approved provider and provide a certificate of completion.

Certified packaging process: application to be an intermediary

Approved intermediaries are nonprofit organizations that are engaged in affordable housing and are in good standing in the state(s) of their operation. Approved intermediaries perform quality assurance reviews on loan application packages prepared by certified packaging bodies, recruit certified packaging bodies, and provide supplemental training, technical assistance and support to certified packaging bodies. To apply to be an Agency-approved intermediary, an interested party must furnish sufficient documentation to demonstrate to the Agency's satisfaction that they meet each of the conditions specified in 7 CFR 3550.75(b)(3).

Certified packaging process: intermediary's annual report on certified packaging bodies funneling through them

Agency-approved intermediaries must complete this report to confirm the eligibility of certified packaging bodies funneling applications through them.

Certified packaging process: items needed over and above Attachment 3-J

In addition to helping the applicant complete the application form and gather the items in Attachment 3-J, packagers must complete the worksheet for computing income and the maximum loan amount calculator; they must provide a copy of the credit report they obtained and provide their preliminary credit analysis; and

they must provide a loan application narrative which includes an eligibility analysis (income, creditworthiness, repayment ability, and payment shock (if applicable)), support of any exceptions being requested, and an overall recommendation on the loan application request.

Certified packaging process: disclosure letter

Loan application packagers are required to issue a disclosure letter to potential applicants who appear eligible for the Section 502 direct loan program. The disclosure, which requires the potential applicant's signature, informs the potential applicant that the packager does not work for the Agency; of the packaging fee; that they may work directly with the Agency and avoid the packaging fee; and the Privacy Act waiver.

Notification of continued interest

The programs' waiting list is purged periodically to ensure that the Agency's records do not include applications from individuals that are no longer interested in the programs. When an applicant on the waiting list is sent Handbook Letter 3 (3550), Waiting Period, they must return the response form attached to the letter acknowledging their continued interest within 15 days of the date of the letter or their application will be withdrawn.

Withdrawal request

An applicant can withdraw their application at any time by writing or calling their local RD office.

Do Not Pay - applicant response to delinquent Federal debt

All direct single family housing applicants are checked against the Department of Treasury's Do Not Pay (DNP) portal. If DNP indicates that the applicant has a delinquent Federal debt, their application is suspended and they're notified of the reason for the suspension and provided the telephone number DNP lists as a point of contact for resolving the delinquency. If the applicant does not notify the Agency within 15 days that the problem has been resolved, their application is rejected.

Evidence of citizenship

RD has an interagency agreement with the Department of Homeland Security, U. S. Customs and Immigration Service to allow access to the Systematic Alien Verification for Entitlements (SAVE) database. This program enables RD field staff to obtain online immigration status information to determine a non-citizen

applicant's program eligibility. Applicants that are non-citizens are asked to provide their Alien Identification Number so that RD can check it against SAVE.

Request for copy of tri-merge credit report

Upon receipt of a written request from the applicant, the Agency will provide a copy of the tri-merge credit report used by the Agency to determine the applicant's eligibility.

Oral verifications of employment

In origination, oral verifications of employment are conducted by RD staff to complement copies of an applicant's paycheck stubs if the applicant has worked for the employer for less than a year or other types of verifications are inconsistent or suspicious.

Appraisal

For origination, an appraisal is needed for initial Section 502 direct loans if the RHS loan is \$7,500 or more and the Agency's debt plus prior liens against the property will exceed \$15,000. For Section 504 loans, an appraisal is only needed if assurance is needed that the property will serve as adequate security. For servicing, an appraisal is needed in order for the Agency to subordinate its interests or to approve a partial release of security if the amount of consideration exceeds \$5,000. An appraisal is also needed to determine recapture and net recovery value

Whole house inspection

For an initial Section 502 direct loan to purchase an existing dwelling, the applicant must engage the services of a qualified inspector to perform a whole house inspection and certify that the dwelling meets the Agency's standards with respect to: (1) termites and other pests (this may be separate from the whole house inspection); (2) plumbing, water and sewage; (3) heating and cooling; (4) electrical systems; and (5) structural soundness. The inspection report must be a comprehensive document that meets the minimum standards of the professional home inspector associations.

Documentation on the construction quality of a new dwelling

For loans on new dwellings where the Agency did not monitor the construction, documentation on the construction quality is needed in order to provide 100 percent financing.

Title insurance binder

Provides the Agency and borrower with the preliminary results of the title company's title examination of the property to be financed.

Title insurance policy

Provides the Agency and borrower with the final results of the title company's title examination on the financed property.

Furnish documentation of hazard and flood insurance

Borrowers with loans against the property of more than \$15,000 are required to maintain hazard (homeowners) insurance on their property. Additionally, borrowers must maintain flood insurance when there is any form of federal financial assistance for the acquisition, construction, reconstruction or substantial improvement of any building located in a flood hazard area. Documentation of coverage is needed before or at loan closing; and as needed during the servicing of the loan.

Manufacturer's certificate of origin

The manufacturer of a manufactured home unit must provide a certificate of origin at loan closing to ensure that the manufactured home is free and clear of all legal encumbrances.

Conditional commitment change in price, plans, specifications

A contractor with an approved conditional commitment may request modifications to the commitment in writing.

Loan commitment from leveraged lender

A joint closing generally will be held for Agency and leveraged lender loans. If the leveraged loan will close after the Agency loan is closed, the leveraged lender must provide the Agency with a written commitment of the financing prior to the Agency's loan closing

Required documentation from a leveraging lender

A copy of the mortgage, promissory note, evidence of title and hazard insurance, and closing documents for the non-Agency loan or grant must be provided for the borrower's case file.

Attachment 12-E, checklist of items to accompany the uniform residential loan application

In order for a Section 504 application to be considered complete, the applicant must complete/sign the application form and provide all the applicable items to accompany the application.

Attachment 12-F, Pre-Construction Conference

The Agency, the applicant(s), and the contractor(s) are required to hold a pre-construction conference using Attachment 12-F, Pre-Construction Conference prior to work commencing. The purpose of the conference is to ensure that each party understands their respective roles and responsibilities.

Missing borrower / determination of property abandonment

When the borrower is missing and/or the security property appears to have been abandoned, reasonable efforts will be made to contact people and/or companies that may have knowledge of the borrower's location and/or the occupancy of the security property.

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

When a REO property does not meet the 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.

Refinancing review

Section 502 direct loan borrowers are required to refinance to other credit when they are financially able to do so. When a borrower meets the criteria for this review, they are asked to refinance to other credit or document their inability to obtain other credit at reasonable rates and terms.

Documentation of inability to refinance

The Agency will continue with the borrower's loan if the borrower provides documentation that another lender denies their refinancing request or the borrower provides financial documentation that verifies their inability to obtain other credit.

Request to waive late or other fees

The Agency assesses late fees and charges for checks returned for insufficient funds. These fees may be waived if the documented circumstances were beyond the borrower's control or to encourage a borrower to agree to a delinquency workout agreement.

Final payoff request

When a borrower requests a final payoff from the Agency, they will need to provide a current appraisal or an arm's length sales contract along with other pertinent information (e.g. payoff date, added value of capital improvements, and estimated settlement statement).

Notification of insurance claim proceeds

Borrowers with insurance claims must contact the Servicing Center to establish a plan to repair or rehabilitate the security property.

Request for special servicing – delinquency workout agreements and moratoriums

A delinquency workout agreement permits a borrower to stop liquidation action by agreeing to pay, in addition to the scheduled payment, an extra amount that will bring the account current within 2 years or the remaining term of the loan, whichever is shorter.

A moratorium is an agreement between the Agency and a borrower to suspend the requirement for the borrower to make payments for up to a 2-year period. A moratorium is intended to help a borrower who is experiencing temporary financial difficulties avoid foreclosure.

To determine if a borrower qualifies for one of these special servicing options, the borrower must provide the pertinent information. If approved for the moratorium, the borrower must notify the Agency if there has been any change in their financial condition.

Offer to pay following an acceleration or a request for an extension

The foreclosure process is initiated with an acceleration notice. After acceleration of a loan, an offer to cure must be supported by the borrower's financial statement. A request for an extension of time to voluntarily liquidate must be supported by a sales contract.

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 days with a written offer to pay the amount outstanding rather than have the same offset.

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 days with a written request for a review of the Agency's determination.

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 days and request a copy of RHS records upon which the offset will be sought

Borrower'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.

Borrower's request to review IRS offset referral

Borrowers have the right to challenge the delinquency being reported to IRS for offset.

Collection efforts

The Agency contacts debtors to collect any outstanding debt after the security property has been liquidated or the debt fully matures. The debtor may be asked to provide financial information so that the Agency can determine their repayment ability.

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 and request information to support the explanation for the delinquency.

FORMS APPROVED UNDER OTHER OMB NUMBERS

Form RD 400-1, "Equal Opportunity Agreement" (borrower)

This form, which requires the borrower's signature, informs the borrower of their responsibility to inform their contractor of the need to incorporate the equal opportunity clause into the contract. The form is needed for new construction and contracts in excess of \$10,000.

Form RD 400-6, "Compliance Statement" (contractor)

This form, which requires the contractor's completion and signature, reveals the contractor's past compliance to equal employment opportunity in contracts and provides certification regarding the maintenance or use of non-segregated facilities. The form is needed for new construction and contracts in excess of \$10,000.

Form RD 410-8, "Applicant Reference Letter" (reference)

This form, which requires a credit reference's completion and signature, is used to obtain credit history information not included in the credit report.

Form RD 465-1, "Application for Partial Release, Subordination, or Consent" (borrower)

This form, which requires the borrower's completion and signature, is used by a borrower to apply for a partial release, subordination, mineral leases, and a lease of the security property.

Form RD 1924-1, "Development Plan" (borrower)

This form, which requires the borrower's signature, is used to record planned development that is to be completed by the borrower.

Form RD 1924-2, "Description of Materials" (contractor)

This form, which requires the contractor's completion and signature, specifies the materials, equipment, and fixtures to be used in the construction of a home or the significant rehabilitation of a home.

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

This form, which requires the borrower's completion and signature, documents and requests compensation for construction defects.

Form RD 1924-6, "Construction Contract" (borrower) (contractor)

This form, which requires the borrower's and contractor's signature, identifies the terms and conditions of the construction

Form RD 1924-7, "Contract Change Order" (borrower) (contractor)

This form, which requires the borrower's and contractor's completion and signatures, documents a change in the terms, conditions, and/or price of a construction contract.

Form RD 1924-9, "Certificate of Contractor's Release" (borrower) (contractor)

This form, which requires the borrower's signature, which acknowledges the completion of work in accordance with the contract and approval of payment and contractor's signature, which acknowledges the receipt of payment in full for the work performed in accordance with the contract and certifies that there are no outstanding claims under the contract.

Form RD 1924-10, "Release by Claimants" (claimant's)

This form, which requires any possible claimant's signature, ensures the property is free of any claims against it by subcontractors

Form RD 1924-19, "Builder's Warranty" (borrower) (contractor)

This form, which requires the borrower's and contractor's completion and signatures, specifies the terms and conditions for the warranty of the labor and materials provided in the construction.

Form RD 1924-25, "Plan Certification" (qual party)

This form, which requires the qualified party's (e.g. licensed architect, engineer, building official, etc.) completion and signature, certifies that the building plans meet all applicable construction standards.

Form RD 1927-5, "Affidavit Regarding Work of Improvement" (closing agent)

This form, which requires the closing agent's completion and signature, obtains a sworn statement regarding any construction, improvement, or repair on the home.

Form RD 1927-8, "Agreement with Prior Lienholder" (lender)

This form, which requires the senior lien lender's signature, constitutes the lender's agreement to notify the Agency if any default on their loan occurs allowing the Agency to protect its interest.

Form RD 1927-9, "Preliminary Title Opinion" (closing agent)

This form, which requires the closing agent's completion and signature, provides the Agency and borrower with the preliminary results of an attorney's title examination of the property to be financed.

Form RD 1927-10, “Final Title Opinion” (closing agent)

This form, which requires the closing agent’s completion and signature, provides the Agency and borrower with the final results of an attorney’s title examination on the financed property.

Form RD 1927-19, “Certification of Attorney” (closing agent)

This form, which requires the closing agent’s completion and signature, certifies that the attorney is in good standing and is sufficiently covered by liability insurance and a fidelity bond. The form is only needed if the applicant selects an attorney that is not on the RD State Office’s approved list.

Form RD 1927-20, “Certification of Title Insurance Company” (closing agent)

This form, which requires the closing agent’s completion and signature, certifies that the title company is financially solvent and employees are sufficiently covered by a fidelity bond. The form is only needed if the applicant selects a title company that is not on the RD State Office’s approved list.

Form HUD 935-2, “Affirmative Fair Housing Marketing Plan” (OMB Control Number 2529-0013)

Used by contractors, real estate agents, etc. to outline their marketing plan in areas (e.g. subdivisions) where they intend on being involved in 5 or more transactions.

IRS Form 4506-T, Request for Transcript of Tax Return (OMB 1545-1872)

Completed by applicants and borrower to request tax return information if additional income validation is needed.

- 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 and specifically how this collection meets GPEA requirements.**

RHS has emphasized the use of eForms to submit direct single family housing application packages electronically; intermediaries under the certified packaging process and Section 523 grantees are required to submit applications to RD

using this system. Using eForms is beneficial to both the submitter (e.g. the applicant) and to RD. For the submitter, eForms provides a convenient and secured way to submit a loan application package to RD that contains all the required. For the Agency, eForms streamlines the application process and reduces paper consumption (which is good for the environment).

Applications received via eForms can be viewed for acceptance by the Agency staff and then imported in the programs' origination system for parsing. The import and parsing feature saves RD staff time and expedites application processing. The Agency receives about 70% of the packaged applications through eforms.

RHS implemented a standardized fillable PDF Application Package for the Section 502 direct loan program and Section 504 home repair program. The application packages can be emailed to applicants, which reduces mail time and postage. The packages are fillable, which reduces the need for the Agency and/or applicant to print the application package.

RHS added Electronic Fee Service (EFS) to process credit report fees electronically. EFS allows applicants to email a copy of a voided check and eliminates the need for an applicant to mail a paper check. This process allows for a paperless application process and reduces mail time and postage.

Password protected emails are commonly permitted when submitting information to the Agency.

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 Section 502 direct loan program loan application process is frequently reviewed by Agency staff to improve program delivery. Some examples of recent process improvement are:

- If the applicant's taxpayer ID number reflects on pay stubs or tax returns, the applicant no longer needs to provide a copy of their social security card.
 - If the applicant receives a form of income because of a verified disability, the income statement may be used as a method to verify a disability, opposed to having a physician or other medical professional complete Form RD 1944-4, Certification of Disability or Handicap.
 - Oral verifications of employment are only needed if the applicant has worked for an employer for less than a year or the other types of verifications are inconsistent or suspicious.
- 5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.**

The direct single family housing programs have minimal impact on small businesses. When a small business is asked to provide information on/for an applicant/borrower, the information requested is generally that sought out by any public or private mortgage lender. As a result, small businesses are typically familiar with the requests and can provide the information without difficulty. The Section 502 direct loan program has improved the process (as noted above) to reduce the need to obtain written or oral verifications.

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 information collected under this notice is needed to avoid improper payments.

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

a. Requiring respondents to report information to the agency more often than quarterly.

There are no information collection requirements that require specific reporting on more than a quarterly basis.

b. Requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it.

In the past, applicants were given 30 days to provide requested information. With Procedure Notice dated April 27, 2016, the allotted time was lowered to 15 days (with a few exceptions). This change was a result of the Section 502 direct loan program's process improvement project that was conducted in 2017-2018. The shortened response time still gives applicants sufficient time to respond while ensuring that the programs' limited and fiscal year specific funds are utilized in a timely manner.

c. Requiring respondents to submit more than an original and two copies of any document.

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

d. Requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years.

There are no such requirements.

e. 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.

There are no such requirements.

- f. **Requiring the use of a statistical data classification that has not been reviewed and approved by OMB.**
There are no such requirements.
 - g. **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.**
There are no such requirements.
 - h. **Requiring respondents to submit proprietary trade secrets, 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.**
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 in response to the PRA statement associated with the collection over the past three years, 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 three 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.

The Agency invited public comments on the proposed rule, which was published on August 16, 2023, in the **Federal Register** (88 FR 55601). The comment period ended on October 31, 2023. RHS received comments from 35 respondents. Commenters included mortgage lenders, real estate agents, brokers, associations, and other interested parties. There were no comments provided related to the removal of the form.

The specific public comments are addressed below:

Public Comment: Twenty-seven respondents replied that they were in favor of the proposed rule with some indicating that manufactured homes are affordable housing options for homebuyers, will assist in alleviating the nation's housing supply shortages in response to the growing demand for low-price housing, provide a better housing affordability option relative to site-built homes, and the improved quality and durability of these type homes has increased the chances of homeownership for lower-income families.

Agency's Response: The Agency appreciates the commenters' support and has determined that no action is required.

Public Comment: Three respondents expressed support of the proposal but suggested that the program be expanded to include all states and include manufactured homes built after June 15, 1976, to align with the requirements set forth by other agencies such as, FHA, VA, Fannie Mae, and Freddie Mac.

Agency's Response: The Agency acknowledges the recommendation and would like to note the final rule will expand the program for financing of eligible existing manufactured housing to include all states. However, the consideration of year in which a manufactured home must be built to for eligibility takes into account the Manufactured Housing Improvement Act of 2000 which set forth federal guidelines that all factory built housing must meet and further amendments to the Federal Manufactured Home Construction and Safety Standards (FMHCSS). The January 1, 2006, construction on or after date was initially selected for the pilot period. Once rulemaking is final, regulatory restrictions will be revised to permit the programs to lend on existing manufactured homes built in conformance with FMHCSS standards, on or after a date, as determined by the Agency, considering factors such as industry standards and practices. Upon implementation of the final rule, existing manufactured homes financed through the Section 502 Direct and Guaranteed programs cannot be greater than 10 years old, as identified on the HUD data plate, at the time of loan approval. These requirements will be placed in the program handbooks and any adjustment to the date will be made public through a Federal Register notice.

Public Comment: Two respondents expressed support of the proposal but suggested that the existing manufactured construction year date be expanded for homes built prior to 2006.

Agency's Response: The Agency appreciates the commenters' response. The January 1, 2006, construction on or after date was initially selected for the pilot period. Once rulemaking is final, regulatory restrictions will be revised to -permit for the programs to lend on existing manufactured homes built in conformance with FMHCSS standards, on or after a date, as determined by the Agency, considering factors such as industry standards and practices. Upon implementation of the final rule, existing manufactured homes financed through

the Section 502 Direct and Guaranteed programs cannot be greater than 10 years old, as identified on the HUD data plate, at the time of loan approval. These requirements will be placed in the program handbooks and any adjustment to the date will be made public through a Federal Register notice.

Public Comment: One respondent expressed support of the proposal and provided additional responses to the questions posed in the proposed rule. The respondent wanted to know why USDA was restricting eligibility to those homes built on or after January 1, 2006, if VA and FHA allow for manufactured homes built on or after June 15, 1976.

Agency's Response: The Agency acknowledges the recommendation. The January 1, 2006, construction on or after date was initially selected for the pilot period. Once rulemaking is final, regulatory restrictions will be revised to permit programs to lend on existing manufactured homes built in conformance with FMHCSS standards, on or after a date, as determined by the Agency, considering factors such as industry standards and practices. Upon implementation of the final rule, existing manufactured homes financed through the Section 502 Direct and Guaranteed programs cannot be greater than 10 years old, as identified on the HUD data plate, at the time of loan approval. These requirements will be placed in the program handbooks and any adjustment to the date will be made public through a Federal Register notice.

Public Comment: One respondent expressed support of the proposal but believed that the handbook should be updated to clarify that the home must meet HUD handbooks and needs to be on piers and strapped down in accordance with HUD Standards for foundations which would be consistent with FHA guidelines.

Agency's Response: The Agency acknowledges the recommendation. RHS will require all existing manufactured homes to have been constructed and placed on a permanent foundation in accordance with RD Instruction 1924-A, as applicable to the Direct Program, and the FMHCSS, established by HUD and found in 24 CFR part 3280 for both Direct and Guaranteed programs.

Public Comment: One respondent replied with concerns of the proposal and believed that although there is a need for affordable housing, adding manufactured homes as an asset class would reduce the opportunity for families to build generational wealth and increase government risk due average life expectancy of a manufactured home.

Agency's Response: The Agency appreciates the commenters' response. The regulatory requirement in 7 CFR 3550.67, applicable to the 502 Direct loan program, requires that the remaining economic life of the property based on the appraisal must meet or exceed the loan term. For both the Direct and Guaranteed programs, the maximum term for financing manufactured housing cannot exceed 30 years. Once rulemaking is final, RHS will continue to require that existing manufactured homes be built in conformance with the Manufactured

Housing Act of 2000 and FMHCSS, which require higher construction standards such as quality building materials, structural design provisions, and installation improvements, thus increasing the life expectancy and value.

The Agency intends to publish in the **Federal Register** a Final rule that will amend program regulations to implement changes to permit the purchase of existing manufactured homes [(§3550.52(e)(1), §3550.73(b)(1), §3555.208(b)(3))] and allow the Agency to accept a lease with an unexpired term that is at least two years longer than the loan term for new energy efficient manufactured and modular home financing in land-lease communities operating on a nonprofit basis and Tribal lands [§3550.58(b) and §3555.203(b)(3)]. For direct loans only, remove the administrative requirements from the regulations for review and approval of applications from manufactured housing dealers [3550.73(c)] and revise the definition of “Manufactured home” to remove reference to RHS thermal performance standards (3550.10). The final rule will not impose any new information collection requirements from those approved by OMB Control Number 0575-0172. The final rule will eliminate RD Form 1944-5 “Rural Development Housing Dealer Contractor Application” and will reduce recordkeeping requirements upon implementation.

Removal of this form alleviates Agency staff from review and approval of applications and the maintenance of an internal list that must be updated every two years based on the activity of the “approved” dealer-contractors, thus providing the Agency with needed flexibility. The removal will also prevent delays in the processing of manufactured housing purchase requests by eliminating the need for the dealer to apply and be approved prior to proceeding, which can be time-consuming due to the review of financial and credit information for the dealer. The dealer will still be required to provide all site services and agree to construction and development requirements in 7 CFR 3550.73. No additional consultation outside of the Federal Register Notice was conducted with external partners for the removal of this form.

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

No assurance of confidentiality was provided to respondents. The Agency does support maintenance of confidentiality when appropriate. The Agency published a Privacy Act of 1974; System of Records in the Federal Register on May 14, 2019 (84 FR 21315). A copy of that document can be found at <https://www.govinfo.gov/content/pkg/FR-2019-05-14/pdf/2019-09874.pdf>.

- 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 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.**

There is no collection of any information that would be considered sensitive in nature or commonly considered private.

- 12. Provide estimates of the hour burden of the collection of information. The statement should:**

- **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.**
- **If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens.**
- **Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here.**

This submission is for 647, 127 responses and 310,172 burden hours. See the attached spreadsheet for reporting on the estimated number of respondents, the number of reports filed annually, the total annual responses, the estimated number of hours per response, estimated total hours, wage class (per hour), and cost to the public.

For the wage class, an estimated hourly wage of \$30 was used for third parties that are licensed/qualified real estate professionals (real estate agents, loan officers, contractors, inspectors, appraisers, nonprofit housing staff, loan closing agents, etc.). This hourly wage represents an average (rounded up to the nearest dollar) of the wages earned by real estate professionals as reported by Bureau of Labor Statistics' Occupational Outlook Handbook ([Home : Occupational Outlook Handbook: : U.S. Bureau of Labor Statistics \(bls.gov\)](#)) and Current Employment Statistics (<https://www.bls.gov/data/>).

For other third parties involved in the information collection (such as employers, landlords, credit references, and bank representatives), an estimated hourly wage of \$23 was used with a few exceptions. This lower amount (in comparison to the amount used for licensed/qualified real estate professionals) assumes that these positions are generally paid less since they typically require less education, related work experience, and/or on-the-job training.

The wage class used for applicants and borrowers is based on the average annual income served by the direct single family housing programs in Fiscal Year 2020. For each form and non-form, the estimated hourly wage (rounded up to the near dollar) was scaled based on the item's usage among the direct single family housing programs (see table below).

Exclusively used by the Section 502 direct loan program	\$18
Largely used by the Section 502 direct loan program	\$15
Largely used by the Section 504 program(s)	\$10
Exclusively used by the Section 504 grant program	\$8

The total cost to the public is \$6,169,197.

13. Provide an estimate of the total annual non-hour cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden already reflected in item 12.)

- **The cost estimate should be split into two components:**
 - a. **A total capital and start-up cost component (annualized over its expected useful life) and**
 - b. **A total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information (including filing fees paid for form processing). Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.**
- **If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.**
- **Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to**

achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

- 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 or operation/maintenance.

- 14. Provide estimates of 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), and any other expense that would not have been incurred without this collection of information.**

The annualized cost to the Federal Government is \$137,201,440. This figure was determined by multiplying the estimated number of Agency employees engaged in the information collection under this notice (approximately 4,600), times a national average salary factor (GS-9, step 1 - \$54,727 plus 36.25% benefits - \$19,839 = \$74,566), times a national average percentage of time the employees are involved in the information collection under this notice – requesting, analyzing, and taking pertinent next steps (40%).

- 15. Explain the reasons for any program changes or adjustments in hour or cost burden.**

This submission is for 647,727 responses and 310,471 burden hours and the total cost to the public is \$6,165,197. The current OMB inventory for this docket is 310,496 hours for a reduction in overall burden to the public of 25 hours from our last submission. This reduction is attributed to removing the requirement for submission of Form RD 1944-5 and associated financial documents for manufactured dealer-contractors to receive prior approval in order to provide manufactured sales, service and site development services to 502 direct loan applicants. In this submission there is one form that is being omitted.

REPORTING REQUIREMENTS REMOVED SINCE LAST SUBMISSION

- 1944-5 “ Manufactured Housing Dealer-Contractor Application Form”

Removal of this form alleviates Agency staff from review and approval of applications and the maintenance of an internal list that must be updated every two years based on the activity of the “approved” dealer-contractors, thus providing the Agency with needed flexibility. The removal will also prevent delays

in the processing of manufactured housing purchase requests by eliminating the need for the dealer to apply and be approved prior to proceeding, which can be time-consuming due to the review of financial and credit information for the dealer. The dealer will still be required to provide all site services and agree to construction and development requirements in 7 CFR 3550.73.

- 16. For collections of information whose results will be published, outline plans for tabulation 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 is no specific collection of information requirement in this rule that will be published.

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

Some forms are used in other RD information collections; therefore, it is not practical to include an OMB expiration date because of the different expiration dates for each collection. RD is seeking approval to not display the OMB expiration date.

- 18. Explain each exception to the topics of the certification statement identified in "Certification for Paperwork Reduction Act Submissions."**

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 single family housing 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.