

## 2019 SUPPORTING STATEMENT

### 7 CFR 1927-B, REAL ESTATE TITLE CLEARANCE AND LOAN CLOSING

(OMB NO. 0575-0147)

A. Justification.

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

The Rural Housing Service (RHS) is the credit agency for rural housing and community development within the Rural Development mission area of the United States Department of Agriculture. This regulation prescribes the policies and responsibilities including the collection and use of information necessary to complete real estate title clearance and loan closing of Rural Housing (RH) loans.

Section 501 of Title V of the Housing Act of 1949, as amended, authorizes the Secretary of Agriculture to extend financial assistance to construct, improve, alter, repair, replace or rehabilitate dwellings, farm buildings, and/or related facilities to provide decent, safe, and sanitary living conditions and adequate farm buildings and other structures in rural areas. The secretary is authorized to prescribe regulations to ensure that these loans, made with Federal funds, are legally secured.

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.

The required information is collected by the Closing Agent/Attorney and the field office staff. Forms and/or guidelines are provided to assist in the collection and submission of this information. Most of these forms collect information that is standard in the industry and do not entail additional burdens on the public beyond the time needed to review and understand the forms and fill them out. Specifically, the burden to be cleared with this regulation is described as follows:

### REPORTING REQUIREMENTS - FORMS APPROVED IN THIS DOCKET

Form RD 1927-5, "Affidavit Regarding Work of Improvement"

This form is used by the Closing Agent/Attorney to obtain an affidavit regarding improvement work that has been done to the property being financed. The

applicant(s) and/or seller(s) certify that they have not incurred any obligations for repairs on the property that will result in a lien on the Agency financed property.

Public burden consists of the time it takes the Closing Agent/Attorney to fill in the blanks and for the applicant(s) and/or seller(s) to read, comprehend, and sign the form. Completion time is estimated to be 10 minutes. The total annual man-hours are estimated at 877. The annual number prepared is projected to be 5,250, based on the average number of loans closed annually which are secured by a mortgage and/or require title work in accordance with 7 CFR1927-B.

#### Form RD1927-8, "Agreement With Prior Lienholder"

This form is used by the Loan Approval Official in conjunction with a loan made subject to an existing lien when it is determined necessary to protect the Government's security interest against foreclosure action by the prior Lienholder. It is also used by participating leveraged lenders in RHS to show their lien priority on the joint loan.

The form is completed by the local field office or participating leveraged lender for RHS. The burden on the public is limited to the time it takes for the prior lien holder and participating leveraged lender to read, comprehend, and sign the form to indicate concurrence. The estimated number of respondents is 750. The estimated time required for completion is 5 minutes per respondent for a total annual burden of 62 man-hours.

#### Form RD 1927-9, "Preliminary Title Opinion"

This form is used by the Closing Attorney to furnish a preliminary title opinion in connection with this regulation occasionally for loans being closed by RHS. The public burden consists of the time it takes the Closing Attorney to research the title on the subject property and complete and sign the form. Based on real estate loans closed involving an attorney's opinion, secured by a mortgage, and/or requiring title work in accordance with this regulation, the estimated number of respondents is 113 annually. The time required is 90 minutes per respondent for a total annual burden of 169.

#### Form RD1927-10, "Final Title Opinion"

This form is used by the Closing Attorney to furnish a final title opinion for loans using an attorney's opinion and being closed in connection with this regulation. The public burden consists of the time it takes the Closing Attorney to update the title on the subject property (from the Preliminary Title Opinion), complete and sign the form, which is estimated at 20 minutes. Based on real estate and/or loans closed involving an attorney's opinion, we estimate total annual responses to be 113. The total annual man-hours are estimated to be 37.

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

This form is used by the RHS Loan Approval Official to transmit loan closing instructions and forms to be executed at the time of closing to the Closing Agent/Attorney. The form is partially computer generated, completed by the local field office, and used by the Closing Agent/Attorney to certify the loan was closed in accordance with 7CFR 1927-B, that documents were properly executed and disbursed, and that funds were disbursed as instructed. The completed form is returned to the field office with closing documents, reviewed and signed by the Loan Approval Official.

Based on the number of loans closed that are secured by a real estate mortgage and requiring title work in accordance with this regulation, we estimate RHS completes 10,250 annually. The estimated time for review by closing agents/attorneys is 5 minutes. The estimated man-hours for closing agents/attorneys are 854.

Form RD 1927-19, "Certification of Attorney," and  
Form RD 1927-20, "Certification of Title Insurance Company"

These forms are used by the Closing Agent/Attorney, selected by the applicant to close an Agency loan, to certify that the Closing Agent/Attorney meets the required conditions of 7 CFR 1927-B. Since the forms contain professional information about the Closing Agent/Attorney, they are not expected to require any research.

The burden consists of completing and signing the form, estimated at 10 minutes each. Most Closing Agent/Attorneys complete the form annually or when information changes and are not required to complete a new form for each applicant. The annual number prepared is projected to be 113 for Form RD 1927-19 and 5,625 for Form RD 1927-20. The total annual man-hours is estimated to be 19 for Form RD 1927-19 and 939 for Form RD 1927-20.

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.

It is not possible to improve collection through the use of improved information technology because of the nature of the information collected. All documents are prepared only once for a loan closing and the legal information is subject to change even if there was a previous mortgage/legal document on the same security property. Because most of the documents are legal instruments, an

original must be prepared. Zero percent of this information is collected electronically.

Wherever possible, RHS utilizes industry standard forms and makes full use of our new expanded automation capabilities. For example, most forms which a title company, closing agent or attorney must complete for loan closing purposes can be system generated by RHS and contain all relevant system information such as the borrower's account number, address, property description, real estate taxes, insurance, income data, etc., thereby reducing unnecessary burden imposed on our agency partners. This reduces the time it takes the public to complete required information, reduces the need to stock forms throughout Rural Development offices, and results in cost savings to the public. RHS has greatly reduced existing information collection dockets through these methods.

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.

Because titles are unique to every piece of property taken as security, no duplication occurs. This information is collected for loan closing only; it must be current. The title must be researched each time a security instrument is taken on a piece of property because the information is subject to change.

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 the burden.

The collection of information involves Closing Agents/Attorneys that may meet the requirements of a small business. Regardless of the size of the business, the collection of information from the Closing Agents/Attorneys is in line with industry practices and the minimum documentation required by the Agency ensures adequate security on the loan. Approximately 20% of our Closing Agency/Attorneys are considered small businesses.

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

If the information was collected less frequently, the Agency would not obtain the proper security position on the properties being taken as security and would have no evidence that the Closing Agent/Attorney closing Agency loans met the requirements of this regulation.

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

- a. Requiring respondents to report information more than quarterly.

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

- b. Requiring written responses in less than 30 days.

There are no such requirements.

- c. Requiring more than an original and two copies.

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

- d. Requiring respondents to retain records for more than 3 years.

There are no such requirements.

- e. Not utilizing statistical sampling.

There are no such requirements.

- f. Requiring use of statistical sampling which has not been reviewed and approved by OMB.

There are no such requirements.

- g. Requiring a pledge of confidentiality.

There are no such requirements.

- h. Requiring submission of proprietary trade secrets.

There are no such requirements.

8. Describe efforts to consult with persons outside the Agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and record-keeping, disclosure, reporting format (if any), and on data elements to be recorded, disclosed, or reported.

A 60-day Notice was published in the Federal Register on May 24, 2019 [2019-10861]. No comments were received.

Consultations with persons outside the Agency were made to obtain their views on the frequency of data collection, the length of time required to complete the collection of data, the clarity of instructions, and their opinions and suggestions

for insurance requirements for Closing Agent/Attorneys. The following person was contacted on May 10, 2019:

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

Mr. Feinberg reported no major problems in the loan closing process.

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

There are no payments or gifts given to respondents.

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

All information collected is public (e.g. legal descriptions of properties, liens filed for public record) with the exception of the Closing Agent/Attorney certification. This certification does not give specific amounts of bonding and insurance coverage, but rather states that the subject meets the minimum coverage required by Agency regulations. There is no assurance of confidentiality provided to respondents for the information required in this regulation.

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.

This regulation does not collect any data of a sensitive nature.

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

The following wage classification was used based on an average hourly rate for each class of respondent. Wages were determined by using average salaries of each wage classification per the 2018 Bureau of Labor Statistics.

<b>Respondent</b>	<b>Wage Classification</b>	<b>Wage/Hour</b>
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Legal Secretary	1	\$26.98
Paralegal	2	26.20
Attorney	3	69.34
Applicant/Borrower	4	26.98

This submission is for 22,214 respondents with 22,214 responses, based on the number of loans closed that will be secured by a mortgage and/or require title work in accordance with 7 CFR 1927-B. The estimated total annual man-hours are 2,957 with an estimated burden cost to the public of \$127,331.25. See the attached spreadsheet.

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

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

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

The annual cost for the Agencies to develop and administer this regulation is \$3,291,120, determined by multiplying the number of employees (1,400) directly involved in the preparation and administration of the regulation, times a national average cost factor (GS 7, Step 1, \$47,016) 2019 OPM Salary Table, times a national average percentage of time the employees are involved (5%,) and including the cost of benefits.

15. Explain the reasons for any program changes or adjustments reported in items 13 or 14.

This renewal is for 22,214 responses and 2,957 burden hours. This is a reduction of -7,236 responses and -972 burden hours resulting from the following changes:

- Since the last submission, respondents have declined accounting for the decrease in responses and burden.

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

No information collected will be used for statistical purposes.

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

These forms are used in other Rural Development information collections; therefore, it is not practical to include an OMB expiration date because of the

different expiration dates for each collection. RHS is seeking approval to not display the OMB expiration date on these forms.

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

There are no exceptions requested.

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

This information collection is unlikely to be related to the services that can potentially be provided by the one-stop shopping concept of the Service Center Initiative.