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## 19. Certification for Paperwork Reduction Act Submissions

On behalf of the U.S. Department of Housing and Urban Development, I certify that the collection of information encompassed by this request complies with 5 CFR 1320.9.

**Note:** The text of 5 CFR 1320.9, and the related provisions of 5 CFR 1320/8(b)(3) appears at the end of the instructions. The certification is to be made with reference to those regulatory provisions as set forth in the instructions.

The following is a summary of the topics, regarding the proposed collections of information that the certification covers:

- (a) It is necessary for the proper performance of agency functions;
- (b) It avoids unnecessary duplication;
- (c) It reduces burden on small entities;
- (d) It uses plain, coherent, and unambiguous terminology that is understandable to respondents;
- (e) Its implementation will be consistent and compatible with current reporting and recordkeeping practices;
- (f) It indicates the retention periods for recordkeeping requirements;
- (g) It informs respondents of the information called for under 5 CFR 1320.8(b)(3):
  - (i) Why the information is being collected;
  - (ii) Use of the information;
  - (iii) Burden estimate;
  - (iv) Nature of response (voluntary, required for a benefit, or mandatory);
  - (v) Nature and extent of confidentiality; and
  - (vi) Need to display currently valid OMB control number;
- (h) It was developed by an office that has planned and allocated resources for the efficient and effective management and use of the information to collected (see note in item 19 of the instructions);
- (i) It uses effective and efficient statistical survey methodology; and
- (j) It makes appropriate use of information technology.

If you are unable to certify compliance with any of these provisions, identify the item below and explain the reason in item 18 of the Supporting Statement.

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Signature of Program Official:

Date:

X  
Michael F. Hill, Deputy Assistant Secretary for Operations, HR

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Signature of Senior Officer or Designee:

Date:

X  
Wayne Eddins, Departmental Reports Management Officer,  
Office of the Chief Information Officer

# Supporting Statement for Paperwork Reduction Act Submissions

## Reporting Requirements Associated with 24 CFR 203.508(b) and 24 CFR 1001 – Providing Information OMB Control Number 2502-0235

### A. Justification

1. Section 203(b)(7) of the National Housing Act (P.L. 479, 48 Stat. 1246, 12 U.S.C. 1701 et seq.) authorized the Secretary of the Department of Housing and Urban Development to prescribe such terms and conditions for insurance of mortgages. Sections 235.1001 and 203.508(c) of the Code of Federal Regulations (24 CFR) detail the requirements for a statement of interest paid and taxes disbursed furnished by the mortgagee to the mortgagor. Section 203.508(c) states “within thirty days after the end of each calendar year, the mortgagee shall furnish to the mortgagor a statement of the interest paid, and of the taxes disbursed from the escrow account during the preceding year.” Additionally, the requirements of section 235.1001 state, in part, that “mortgagees must provide to the mortgagor an annual statement of interest paid and taxes disburse and shall include an accounting of the total amount of assistance payments paid by HUD and applied to the mortgagor’s account during the preceding year.” The Real Estate Settlement Procedures Act (RESPA) disclosure statement is provided to the mortgagor at the time of closing whereas this information is provided annually.
2. The information associated with Section 235.1001 and 203.508(c) is required to make certain that mortgagors receive complete information on interest payments and tax disbursements, used by mortgagors for filing state and federal income taxes. Information associated with Section 235.1001 is required to make certain that homeowners do not claim more interest and/or taxes to which they are actually entitled, as a result of the HUD 235 subsidy. This request for information is only available from the mortgagees’ records and is not contained within HUD’s records. The request is an extension of an existing requirement.
3. Mortgagees’ yearend interest and tax statements are automated with no response required from the mortgagor. The year-end interest and tax statements are computer generated and the notice is mailed directly to the mortgagee/homeowner.
4. There is no duplication of information and the requirement is an annual statement.
5. The requirements will have no significant economic impact on small businesses or other small entities.
6. This annual reporting requirement is a statutory requirement.
7. There are no special circumstances that would cause this information collection to be conducted in an unusual manner.
8. The agency notice soliciting comments on the information collection for OMB #2502-0235 was published in the *Federal Register* on October 30, 2006 (Volume 71, Number 209). The Department consults with banks, mortgagees, etc. on a continuing basis on matters concerning FHA insured mortgages. The design and development of the data collection have been done in consultation with the U.S. Treasury and Mortgage Bankers Association. No comments were received.
9. There is no payment or gift to respondents.

10. There is no promise of confidentiality given and none is required from the program participants.

11. There are no questions of a sensitive nature.

12. Estimated Burden & Cost to the Respondents:

There are approximately 102 FHA mortgagees under Section 235.1001 and 336 under Section 203.508(c) providing this information to mortgagors annually. The mortgagees' process is fully automated.

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	*Hourly Cost Per Response	Annual Cost
Section 235.1001	102	38	3,880	30 seconds	32	\$15.00	\$480
Section 203.508(c)	336	11,905	4,000,000	1 second	1,111	\$15.00	\$16,665
<b>Totals</b>	<b>438</b>		<b>4,003,880</b>		<b>1,143</b>		<b>\$17,145</b>

\* Cost per hour includes 25% overhead. The hourly cost is based is an annual salary of \$31,000 for clerical administration.

13. There are no additional costs to the respondents.

14. There is no cost to the Federal government. The lender provides this information to the mortgagor.

15. This is an extension of a currently approved collection. The burden has decreased again since the last submission because of advanced technology; the processing of these annual statements are well under a minute. In addition, the number of respondents has decreased sharply due to mergers and consolidations and we expect the number of respondents to continue to decrease. The number of FHA insured loans has also diminished.

16. The information will not be published.

17. HUD is not seeking approval to avoid displaying the expiration date.

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

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## **B. Collections of Information Employing Statistical Methods**

The information collection does not employ statistical methods.