

## **SUPPORTING STATEMENT (Revenue Procedure 2004-18)**

### **1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION**

The revenue procedure provides issuers of qualified mortgage bonds, as defined in section 143(a), and issuers of mortgage credit certificates, as defined in section 25(c), with (1) average area purchase price safe harbors for residences located in statistical areas in each state, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, the Virgin Islands, and Guam, and (2) the nationwide average purchase prices for residences located in the United States.

Average area purchase price safe harbors and nationwide average purchase prices, information necessary to issuers of both qualified mortgage bonds and mortgage credit certificates, were last published in Rev. Proc. 94-55, 1994-2 C.B. 716, and were based on mortgage data collected by the Federal Housing Finance Board (FHFB). The revenue procedure uses the annual loan limits set by the Federal Housing Administration (FHA) on FHA-insured mortgages (FHA loan limits) to establish average area purchase price safe harbors for metropolitan statistical areas (MSA). The average area purchase price safe harbors listed in the proposed revenue procedure are based on FHA loan limits released December 31, 2003. If the FHA revises the FHA loan limit for an MSA after December 31, 2003, the proposed revenue procedure provides that an issuer of qualified mortgage bonds or mortgage credit certificates may use the revised FHA loan limit to determine a revised average area purchase price safe harbor for the MSA provided that the issuer maintains records evidencing the FHA loan limit that was used to determine average area purchase prices.

### **2. USE OF DATA**

The Internal Revenue Service will use the information collected to verify the particular FHA loan limit that an issuer of qualified mortgage bonds or mortgage credit certificates uses to determine average area purchase prices for a metropolitan statistical area.

### **3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN**

There are no plans to provide electronic filing because electronic filing is not appropriate for the collection of information in this submission.

**4. EFFORTS TO IDENTIFY DUPLICATION**

We have attempted to eliminate duplication within the agency wherever possible.

**5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES**

Not applicable.

**6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES**

Not applicable.

**7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)**

Not applicable.

**8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS**

Revenue Procedure 2004-18 was published in the **Internal Revenue Bulletin** on March 1, 2004 (2004-9 IRB 529).

In response to the **Federal Register Notice** dated **January 23, 2007 (72 FR 2925)**, we received no comments during the comment period regarding Revenue Procedure 2004-18.

**9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS**

Not applicable.

**10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES**

Generally, tax returns and tax return information are confidential as required by 26 USC 6103.

**11. JUSTIFICATION OF SENSITIVE QUESTIONS**

Not applicable.

**12. ESTIMATED BURDEN OF INFORMATION COLLECTION**

The revenue procedure in section 4.04 requires issuers of qualified mortgage bonds or mortgage credit certificates to maintain records of the FHA loan limit used to determine average area purchase prices for an MSA if such FHA loan limit is different from the FHA loan limit on which the safe harbors in this revenue procedure are based. We estimate that the total burden for this requirement is 15 hours, based on 60 respondents and .25 hour per representation.

Estimates of the annualized cost to respondents for the hour burdens shown are not available at this time.

**13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

As suggested by OMB, our **Federal Register Notice** dated **January 23, 2007 (72 FR 2925)**, requested public comments on estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. However, we did not receive any response from taxpayers on this subject. As a result, estimates of the cost burdens are not available at this time.

**14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT**

Not applicable.

**15. REASONS FOR CHANGE IN BURDEN**

There is no change in the paperwork burden previously approved by OMB. We are making this submission to renew the OMB approval.

**16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION**

Not applicable.

**17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE**

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the revenue procedure sunset as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

**18. EXCEPTIONS TO THE CERTIFICATION STATEMENT ON OMB FORM 83-I**

Not applicable.

**Note:** The following paragraph applies to all of the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.