

Paperwork Reduction Act Submission

Please read the instruction before completing this form. For additional forms or assistance in completing this forms, contact your agency's Paperwork Reduction Officer. Send two copies of this form, the collection instrument to be reviewed, the Supporting Statement, and any additional documentation to: Office of Information and Regulatory Affairs, Office of Management and Budget, Docket Library, Room 10102, 725 Seventeenth St. NW, Washington, DC 20503.

1. Agency/Subagency Originating Request: U.S. Department of Housing and Urban Development Office of Single Family Program Development	2. OMB Control Number: a. 2502-0322 b. <input type="checkbox"/> None
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3. Type of information collection: (check one) a. <input type="checkbox"/> New Collection b. <input type="checkbox"/> Revision of a currently approved collection c. <input checked="" type="checkbox"/> Extension of a currently approved collection d. <input type="checkbox"/> Reinstatement, without change , of previously approved collection for which approval has expired e. <input type="checkbox"/> Reinstatement, with change , of previously approved collection for which approval has expired f. <input type="checkbox"/> Existing collection in use without an OMB control number For b-f, note item A2 of Supporting Statement instructions.	4. Type of review requested: (check one) a. <input checked="" type="checkbox"/> Regular b. <input type="checkbox"/> Emergency - Approval requested by c. <input type="checkbox"/> Delegated 5. Small entities: Will this information collection have a significant economic impact on a substantial number of small entities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 6. Requested expiration date: a. <input checked="" type="checkbox"/> Three years form approval date b. <input type="checkbox"/> Other (specify)
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7. Title:
Disclosure of Adjustable Rate Mortgages (ARMs) Rates

8. Agency form number(s): (if applicable)
None

9. Keywords:
'Housing, Mortgages, Rates, Adjustable, Finance

10. Abstract:
Lenders must provide mortgagors with adjustable rate mortgages an annual ARM Disclosure Notice at least 25 days before any adjustment to a mortgagor's monthly payment may occur, and the mortgagee must inform the borrower of the changed interest rate, monthly mortgage amount, the current index interest rate value, and how the payment adjustment was calculated. HUD reviews lender loan files to ensure lenders are in compliance.

11. Affected public: (mark primary with "P" and all others that apply with "X") a. Individuals or households e. Farms b. P Business or other for-profit f. Federal Government c. Not-for-profit institutions g. State, Local or Tribal Government	12. Obligation to respond: (mark primary with "P" and all others that apply with "X") a. Voluntary b. Required to obtain or retain benefits c. P Mandatory
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13. Annual reporting and recordkeeping hour burden: a. Number of respondents 20,000 b. Total annual responses 220,000 Percentage of these responses collected electronically 0% c. Total annual hours requested 11,000 d. Current OMB inventory 11,520 e. Difference (+,-) -520 1. Program change: 2. Adjustment: -520	14. Annual reporting and recordkeeping cost burden: (in thousands of dollars) a. Total annualized capital/startup costs b. Total annual costs (O&M) c. Total annualized cost requested d. Total annual cost requested e. Current OMB inventory f. Explanation of difference: 1. Program change: 2. Adjustment:
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15. Purpose of Information collection: (mark primary with "P" and all others that apply with "X") a. P Application for benefits e. Program planning or management b. Program evaluation f. Research c. General purpose statistics g. X Regulatory or compliance d. Audit	16. Frequency of recordkeeping or reporting: (check all that apply) a. <input type="checkbox"/> Recordkeeping b. X Third party disclosure b. <input type="checkbox"/> Reporting: 1. <input type="checkbox"/> On occasion 2. <input type="checkbox"/> Weekly 3. <input type="checkbox"/> Monthly 4. <input type="checkbox"/> Quarterly 5. <input type="checkbox"/> Semi-annually 6. X Annually 7. <input type="checkbox"/> Biannually 8. <input type="checkbox"/> Other (describe)
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17. Statistical methods: Does this information collection employ statistical methods? <input type="checkbox"/> Yes X No	18. Agency contact: (person who can best answer questions regarding the content of this submission) Name: Joanne B. Kuczma Phone: 202-402-2137, extension 2137
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19. Certification for Paperwork Reduction Act Submissions

On behalf of this Federal Agency, 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). Appear 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.

Signature of Program Official: X Michael E. Winiarski, Deputy Director, Organizational Policy, Planning and Analysis Division, HROA	Date:
Signature of Senior Officer or Designee: X Lillian Deitzer, Departmental Reports Management Office Office of Chief Information Officer, CIO	Date:

Supporting Statement for Paperwork Reduction Act Submissions

Disclosure of Adjustable Rate Mortgages (ARMs) Rates

(OMB No. 2502-0322)

A. Justification

1. FHA insures mortgages for single-family dwellings under various provisions of the National Housing Act. The Housing and Urban-Rural Recovery Act of 1983 (HURRA), P.L. 98-181, amended the National Housing Act to permit FHA to insure adjustable rate mortgages (ARMs). Regulations at 24 CFR 203.49 outline the requirements for offerings known as “hybrid” adjustable rate mortgages. An ARM is a mortgage loan that contains provisions that permit a lender to periodically adjust the effective rate of interest charged to the borrower.
2. This request for OMB review involves an extension of an approved information disclosure concerning annual disclosure requirements for adjustable rate mortgages (OMB control number 2502-0322), which is scheduled to expire May 31, 2007. HURRA requires a lender to provide the borrower with a written explanation of the ARM’s features at the time of loan application. The required disclosures at loan application, e.g., purpose, amount, and terms of the loan, are made on form HUD-92900-A (approved under 2502-0059), Section I.

24 CFR 203.49 sets forth the ARM disclosure requirements at loan application and at the annual anniversary date of the loan. 24 CFR 203.49(h) describes the annual disclosure requirement. The annual ARM Disclosure Notice must be provided at least 25 days before any adjustment to a mortgagor’s monthly payment may occur, and the mortgagee must inform the borrower of the changed interest rate, monthly mortgage amount, the current index interest rate value, and how the payment adjustment was calculated. The annual notification is the subject of this request.

3. This collection of information is not electronic. Electronic generation of these disclosure documents is widely used in the single-family mortgage industry. However, since the annual notification is provided from the mortgagee to the mortgagor, electronic notification is not feasible. Mailing of paper copies is currently the best way to ensure a mortgagor receives the annual notification.
4. Disclosures are unique to each individual mortgage and therefore not duplicative.
5. The reporting burdens for small business participants should not be materially affected, as the bulk of FHA insured mortgages are originated and serviced by large financial institutions and their affiliates.
6. The disclosure requirements at loan application and at the annual anniversary dates are one-time “on occasion” types, and therefore no reduction in frequency is possible. Failure to provide the required disclosure violates the Federal Reserve Truth-in-Lending (“Regulation Z”) regulations.
7. There are no special circumstances involved in this collection.
8. Information collected is conducted in a manner consistent with the guidelines of 5 CFR 1320.8(d). The Notice announcing this collection of information appeared in the Federal Register on March 29, 2007 (Vol. 72, No. 6, page 14827). No comments were received.
9. There are no gifts or other types of payments made to respondents.
10. The Privacy Act of 1974 protects respondents who meet these information-reporting requirements. There are no confidential issues involved.

11. This information collection does not contain any questions of a sensitive nature.

12. Estimate of public burden.

Information Collection	Number of Respondents	Frequency of Responses	Total Annual Responses	Hours Per Response	Total Annual Hours	Hourly Cost	Total Annual Cost
Annual Notification	20,000	Once per loan	220,000	.05	11,000	\$35	\$385,000

Hourly cost is based on an estimate of the average annual salary of lender servicing personnel at \$70,000, and includes the cost of overhead, staff support, recordkeeping, etc.

13. There are no additional costs to respondents.

14. The annualized cost to the Federal government is estimated at 10% of the total burden hours or 1,100 hours. The Federal burden includes compliance reviews related to the loans. The annualized cost to the Federal government assumes a \$36.26 per hour estimate based on a GS-12 staff review, and is calculated at \$39,886.

15. This is an extension of a currently approved burden package. The previous submission requested approval of the initial disclosure made at loan application, but that was unnecessary because the initial disclosure is approved under 2502-0059. Annual responses were previously estimated at 196,000; however, there are 220,000 active ARMs loans, which is an increase of 24,000 loans requiring annual disclosure.

16. This information collection does not include results that will be published.

17. We are not seeking approval to avoid displaying the expiration date for the OMB approval.

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

B. Collections of Information Employing Statistical Methods

The collection of information does not employ statistical methods.