

**Supporting Statement for
LOANS IN AREAS HAVING SPECIAL FLOOD HAZARDS
(OMB No. 1550-0088)**

A. JUSTIFICATION

1. Circumstances that make the collection necessary:

The National Flood Insurance Act of 1968 (42 U.S.C. 4104a and 4104b) and the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a and 4106(b)) require a savings association to make a determination of whether a property that is to secure a loan is located in a special flood hazard area, to notify a prospective borrower of the need for and availability of flood insurance for a property that is located in a special flood hazard area for which flood insurance is available, and to keep records of its determinations. OTS regulations implementing the statutory requirements are located at 12 CFR part 572.

2. Use of the information:

The borrower uses the notice to make decisions regarding the collateral to be used to secure a loan. This notice advises the borrower as to whether the property securing the loan is or will be located in a special flood hazard area, whether flood insurance on the property securing the loan is required, and includes a description of the flood insurance purchase requirements. This notice also provides the borrower with information regarding the availability of Federal assistance in the event of a declared Federal flood disaster. If a loan is being serviced by a loan servicer, this notice also is provided by the savings association to the loan servicer to assist in making the servicer aware of its responsibility for performing certain tasks on behalf of the lender (e.g., collecting insurance premiums). The statute and OTS implementing regulations require the lending institution to retain a record of the receipt of the notice to the borrower. OTS uses this record to verify compliance.

A second notice to the borrower is required if the lending institution determines at any time during the life of a loan that adequate (required) flood insurance is not in place. This notice is used by the borrower to determine how much flood insurance to purchase.

The notice to the Federal Emergency Management Agency (FEMA) advises FEMA of the identity of the initial loan servicer and, if necessary, of changes in servicers. FEMA uses this notice to maintain current information regarding the persons to whom it should direct inquiries regarding flood insurance, or to send notices of flood insurance policy renewals.

A lending institution is required by statute and OTS implementing regulations to use the standard flood hazard determination form developed by FEMA when determining whether the property securing the loan is or will be located in a special flood hazard area.

The statute and rule also require the institution to retain a copy of the completed form. OTS uses this record to verify compliance.

3. Consideration of the use of improved information technology:

Savings associations will develop, retain and use these records. They may use any information technology available to provide the required notices or to retain the required records. For example, OTS regulations specifically permit the standard flood hazard determination form and notice to the borrower and/or servicer to be retained in hard copy or electronic form, as long as the records are available for use at the institution and for review by OTS examiners.

The use of automated systems by federal savings associations may be helpful in obtaining and completing the necessary FEMA form in responding to this information collection. (The FEMA form is approved under OMB Control No. 3067-0264, and expires on October 31, 2005.) In this regard, the use of improved technology has been accounted for in the total burden imposed on federal savings associations and is neither significant nor measurable.

4. Efforts to identify duplication:

This information collection is not duplicative within the meaning of the PRA and OMB regulations. Information that is similar to or that corresponds to information that could serve OTS's purpose and need in this information collection is not being collected by any other means or for any other purpose; nor is this information otherwise available in the detail necessary to satisfy the purpose and need for which this collection of information is undertaken. Each transaction is unique, thus the association submits documentation peculiar to each such transaction.

5. Methods used to minimize burden if the collection has a significant impact on a substantial number of small entities:

Any thrift institution must provide the notice to the borrower and FEMA. This collection does not differentiate the information requirements based on an institution's size because all institutions whose lending area includes a flood plain must comply under the statute. OTS has structured the information collection to minimize the effect on all institutions.

6. Consequences to the Federal program if the collection were conducted less frequently:

The information collection is conducted only for loans secured by improved real estate or a mobile home located or to be located in an identified special flood hazard area. Less frequent notice would impair the effectiveness of the program. For example, the purpose of the notice to the borrower is to notify the borrower that he or she must purchase flood insurance before the loan closes.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320:

This collection meets the guidelines in 5 CFR Part 1320.

8. Efforts to consult with persons outside the agency:

The notice of intent to renew this information collection was published at 73 FR 120 on June 20, 2008. OTS received no comments in response to the notice.

9. Payment to respondents:

The OTS does not pay respondents for complying with this information collection.

10. Any Assurance of confidentiality:

This information collection does not require the collection of confidential information.

11. Justification for questions of a sensitive nature:

There are no questions of a sensitive nature required by the proposed information collection.

12. Burden estimate:

OTS estimates that its 832 savings associations will have 214,660 transactions in flood hazard areas requiring these collections of information. OTS further estimates that it will take a savings association approximately 15 minutes to execute the required notices.

832 savings associations @ 258 responses = 214,660 responses.

214,660 responses x .25 hour = 53,665 reporting hours.

The number 258 reflects a rounded-off average of mortgage loans made by thrifts in 2004. OTS believes that the recordkeeping requires a minimum of effort, such as placing a copy of the borrower notice and the standard flood determination form in the loan file. In addition, it is a standard business practice to retain all loan documents. Consequently, OTS estimates that one hour per savings association per year is an appropriate estimate of the recordkeeping burden.

832 recordkeepers x 1 hour = 832 recordkeeping hours

Thus, the total burden for this collection is 54497 hours (53,665 + 832).

13. Estimate of annualized costs to respondents:

No capital outlay is required for compliance. The loan file is currently being kept. The information collection results in adding a few sheets of paper to existing files. The cost involved is \$20 per recordkeeper, or \$16,640 for all institutions (1 hour per recordkeeper x 832), including the cost of mailing the form to FEMA.

14. Estimate of annualized costs to the government:

Compliance is determined during the examination process. This process includes a loan review. No additional costs are incurred.

15. Changes in burden:

OTS is citing an increase in burden (an adjustment) due to an increase in the number of responses.

16. Information regarding collections whose results are planned to be published for statistical use:

The information will not be published for statistical purposes.

17. Display of expiration date:

We are seeking approval to not display the expiration date for this information collection as it is contained in a rule.

18. Exceptions to certification statement:

All items in the certification have been met.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS:

Not applicable.