

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) 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 be 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 Winiarski, Deputy Director, Organizational Policy, Planning and Analysis Division, HROA	Date:
Signature of Senior Officer or Designee: X Lillian Deitzer, Departmental Reports Management Officer Office of the Chief Information Officer	Date:

Supporting Statement for Paperwork Reduction Act Submissions

Single Family Mortgage Insurance on Hawaiian Homelands OMB Control Number 2502-0358

A. Justification

1. FHA insures mortgages on single-family dwellings under provisions of the National Housing Act (12 USC 1709). The Housing and Urban Rural Recovery Act (HURRA), P.L. 98-181, amended the National Housing Act to add Section 247 (12 USC 1715z-12) to permit FHA to insure mortgages for properties located on Hawaiian Homelands. Under this program, the mortgagor must be a native Hawaiian.

Section 247 requires that that the Department of Hawaiian Homelands (DHHL) of the State of Hawaii (a) will be a co-mortgagor; (b) guarantees or reimburses the Secretary for any mortgage insurance claim paid in connection with a property on Hawaiian homelands; or (c) offers other security acceptable to the Secretary.

2. Respondents are loan applicants seeking mortgage insurance on Hawaiian Homelands. To be eligible for the program, a borrower must be a native Hawaiian. In accordance with 24 CFR 203.43i, the collection of information is verification that a loan applicant is a native Hawaiian and that the applicant holds a lease on land in a Hawaiian Homelands area. A borrower must obtain verification of eligibility from DHLL and submit it to the lender.

The lender is responsible for reviewing the documents submitted to ascertain that a mortgagor meets all the regulatory requirements. A borrower cannot obtain a loan under these provisions without proof of status as a native Hawaiian. United States citizens living in Hawaii are not eligible for this leasehold program unless they are native Hawaiians. The eligibility document is required to obtain benefits.

In accordance with 24 CFR 203.439(c), lenders must report monthly to HUD (2502-0060) and the DHHL on delinquent borrowers and provide documentation to HUD to support that the loss mitigation requirements of 24 CFR 203.604 have been met.

The DHHL works with these delinquent borrowers in preventing foreclosures by intervening as soon as possible, and so DHHL relies on the delinquency information to assist borrowers in resolving defaults before a situation results in a claim to HUD.

3. Lender delinquency notifications are submitted to HUD electronically every month. All other items are submitted in hard copy. Verification that a loan applicant is a native Hawaiian and the lease issued by the DHHL is both paper processes through the DHHL. FHA requires that these documents be in the loan applicant's case binder. Although FHA cannot control DHHL's processes for providing this information, FHA is in the process of developing a method whereby lenders will submit case binders electronically. This process will lessen the burden of the lender having to mail case binders with copies of the leases and certifications of native Hawaiian eligibility to FHA. Lenders with direct insurance authority may submit case binders to HUD when requested in an electronic format effective January 1, 2006.
4. This program is unique in nature due to specific requirements for land and eligible borrowers; no duplication occurs and similar information is unavailable.
5. This information collection has no impact on small businesses.
6. To apply for FHA insurance, lenders must collect information to determine borrower eligibility for the program. Borrowers on native Hawaiian lands will be unable to secure FHA insured loans if the information is not collected. To assist the DHLL in identifying delinquent loans, lenders report monthly. If

information were collected less frequently, the DHHL would not be able to make appropriate decisions in a timely manner.

7. HUD (2502-0060) and DHHL collect delinquency information monthly on all mortgages. Mortgages are paid monthly and therefore, the delinquency reports are also monthly. If delinquencies were reported only quarterly, a mortgage that went into default before the reporting cycle would be seriously delinquent before the next reporting cycle, and it may be too late for DHHL to intervene and prevent foreclosure.
8. Consultations with three persons regarding the information collection requirements of this program were completed. Gayle Ota, Housing Program Specialist, HUD, Honolulu, Hawaii was consulted regarding the information collection and opined that the data is easily available and that the frequency of the collection is adequate for the purpose it serves. Ms. Sandy Asato of DHHL was contacted and she stated that the data collection required of DHHL is minimal with clear instructions, and that the frequency of collection is necessary to confirm eligibility and properly administer the program for eligible native Hawaiians. Susan Lee, HUD, Office of General Counsel, Honolulu, Hawaii, stated that the information collection for this program is minimal, necessary to confirm eligibility, and submission of servicing reports electronically substantially reduces the burden. The agency notice soliciting comments on the information collection for OMB #2502-0358 was published in the Federal Register on **October 8, 2008** (Vol. 73, No. 196, pages 58974. No comments were received.
9. There are no payments or gifts to respondents.
10. There are no assurances of confidentiality provided.
11. There are no questions with issues of a sensitive nature.
12. Estimates of public burden:

	Number of Respondents	Responses per Respondent	Total Annual Responses	Hours per Response	Total Annual Burden Hours	Cost per Burden Hour	Total Annual Cost
Certification that borrower is a native Hawaiian	400	1	400	.33	132	\$20.00	\$2,640
Copy of lease on land in Hawaiian Homelands area	400	1	400	.03	12	\$20.00	240
Notice of Delinquency *	30	12	360	.18	65	\$20.00	1,300
Notice of Default	30	9.67 (average)	290	.50	145	\$20.00	2,900
Totals	430		1,450		354		\$7,080

Notes: Thirty lenders currently hold such loans. The notice of default must contain case specific information and is done on each loan individually. The \$20/hour cost is based on an average annual salary of \$42,000.

*Notice of Delinquency to DHHL only – Notice of Delinquency to HUD is included in 2502-0060.

13. There are no additional costs to respondents.

14. Costs to the Federal Government:

	Total Annual Responses	Hours per Response	Total Annual Burden Hours	Cost per Burden Hour	Total Annual Cost
Notice of Default	290	.50	145	\$48.00	\$6,960

Note: The \$45/hour cost is based on a GS-14/5.

15. This is an extension of a currently approved collection. The number of respondents has decreased as lenders have gone out of business in the current mortgage environment, and the number of HHL loans originated over the past few years has declined. Notices of default have increased to 290 from the previous submission of 108 as more homeowners experience financial difficulties and the portfolio of mortgages has grown.
16. The results of this information collection 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.

B. Collections of Information Employing Statistical Methods

This information collection does not employ statistical methods.