



**"FEDERAL HOME LOAN BANK ACQUIRED MEMBER ASSETS,
CORE MISSION ACTIVITIES, INVESTMENTS AND ADVANCES"**

OMB NUMBER 2590-0008

SUPPORTING STATEMENT

A. Justification

1. The Federal Housing Finance Agency (FHFA) has authorized the Federal Home Loan Banks (Banks) to acquire mortgage loans and other assets from their members or housing associates under certain circumstances. 12 CFR part 955. The regulation refers to these assets as acquired member assets or AMA. As part of this regulatory authorization, each Bank that acquires residential mortgage loans must provide to the FHFA certain loan-level data on a quarterly basis. The FHFA uses this data to monitor the safety and soundness of the Banks and the extent to which the Banks are fulfilling their statutory housing finance mission through their AMA programs. See 12 U.S.C. 1422a(a), repealed by section 1204 of the Housing and Economic Recovery Act of 2008 (HERA) and replaced with section 1312 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended (July 30, 2008).

On June 14, 2006, the former Federal Housing Finance Board reorganized the way it imposed certain reporting requirements on the Banks, including the reporting requirements in this information collection. More specifically, the information collection was moved from 12 CFR part 955 (specifically, section 955.4) to the Data Reporting Manual (DRM), which is a compilation of reporting requirements that includes instructions, data definitions, requirements concerning data elements, reporting format, reporting method (*e.g.*, electronic or paper), record retention, timeliness, reporting frequency, and certification.

While the Banks provide the AMA data directly to the FHFA, each Bank initially must collect the information from the private-sector member or housing associate from which the Bank acquires the mortgage loan. Bank members and housing associates already collect the vast majority of the data the FHFA requires in order to do business with Fannie Mae and Freddie Mac under regulatory requirements issued by the Department of Housing and Urban Development (HUD) and pursuant to the information collection requirements under the Home Mortgage Disclosure Act (HMDA). Thus, the FHFA's information collection imposes only a minor incremental additional burden on Bank members and housing associates.

2. The FHFA uses the information collection to create a database and reporting infrastructure to monitor the safety and soundness of the Banks and the extent to which the Banks are fulfilling their statutory housing finance mission through their AMA programs.

3. In general, Bank members and housing associates initially gather the information manually and enter it into an automated system. The members then provide the information to the Banks in an electronic format and the Banks provide it to the FHFA electronically. By allowing the use of information technology, the reporting burden is greatly reduced.

4. The information collection avoids duplication by requiring, with a few exceptions, the same data that financial institutions originating mortgage loans currently are required to submit to Fannie Mae and Freddie Mac when selling loans to those entities. The FHFA requires Fannie Mae and Freddie Mac to report on each mortgage loan they acquire. Fannie Mae and Freddie Mac gather the information from the financial institutions from which they acquire residential mortgage loans. The list of data elements included in the AMA reporting requirement is based on the information Fannie Mae and Freddie Mac was required to submit to HUD, and effective July 30, 2009, required to submit to FHFA. See 24 CFR 81.61. Of the 115 data elements the FHFA collects, only 10 are not regularly reported by Fannie Mae or Freddie Mac to HUD or their safety and soundness regulator, the FHFA. The FHFA believes these additional data elements are necessary to evaluate the risk of acquired loans, and to examine the extent to which the Banks' programs are reaching borrowers not served by the conventional mortgage market.
5. The information collection does not have a significant economic impact on a substantial number of small entities.
6. If the data elements were not collected at the time specified in the DRM, the FHFA would be unable to monitor effectively the extent to which the Banks are acquiring the mortgage loans in a safe and sound manner, and fulfilling their statutory housing finance mission through their AMA programs.
7. There are no special circumstances that require the information collection to be conducted in a manner inconsistent with the guidelines enumerated in Item 7.
8. In accordance with the requirements of 5 CFR 1320.8(d), the FHFA published a request for public comments regarding proposed changes to the AMA database and the burden estimates for this information collection in the *Federal Register* on May 28, 2009. See 74 FR 25538 (May 28, 2009). The 60-day comment period closed on July 27, 2009. The FHFA received no comments.
9. No payment or gift is provided to any respondent.
10. The Banks and FHFA maintain the confidentiality of information obtained from members and housing associates as required by applicable statute, regulation, or agency policy.
11. There are no questions of a sensitive nature in the information collection.
12. The FHFA based the calculations upon an annual average of 750 respondents.
 - a. FHFA's Annualized Burden.

The estimated annualized cost to the FHFA is \$0. The estimated annual hour burden is 248 hours. These estimates are based on the following calculations:

Economist reviews each data submission in detail to ensure compliance with DRM and regulatory requirements and prepares reports.

- Review time: 5 hours per data submission

- Total submissions: 48 (12 Banks x 4 submissions)
- Total hours: 240 hours

Senior management reviews reports.

- Review time: 0.167 hours per data submission
- Total data submissions: 48 (12 Banks x 4 submissions)
- Total hours: 8 hours

Total FHFA Burden: Cost: \$0 Hours: 248

b. Banks' Annualized Burden.

The estimated annualized cost to the Banks is \$25,000. The estimated annualized hour burden is 129 hours. These estimates are based on the following calculations:

Financial analyst compiles and reviews AMA data requirements in detail to ensure compliance with DRM and regulatory requirements.

- Review Time: 40 hours
- Total Reports: 1
- Total Hours: 40

Financial analyst completes loan-level data reports in machine-readable format specified by and for submission to the FHFA.

- Review Time: 0.01875 hours per report
- Total Reports: 3,000 (750 members/housing associates x 4 reports)
- Total Hours: 56

Financial analyst completes aggregate reports in format specified by and for submission to the FHFA.

- Review Time: 0.006 hours per report
- Total Reports: 3,000 reports (750 members x 4 reports)
- Total Hours: 18 hours

Financial information head reviews and approves reports.

- Review Time: 0.005 hours per report
- Total Reports: 3,000 reports (750 members x 4 reports)
- Total Hours: 15 hours

Software expenses directly related to information processing.

- Average Cost: \$10,000

- Frequency: Once per year
- Total Cost: \$10,000

Other expenses directly related to additional reports as requested by the FHFA.

- Average Cost: \$5 per report
- Total Reports: 3,000 (750 members x 4 reports)
- Total Cost: \$15,000

Total Bank Burden: Cost: \$25,000 Hours: 129

(c) Member/Housing Associate Annualized Burden.

The estimated annualized cost to members and housing associates is \$7,500. The estimated annualized hour burden is 36,000 hours. These estimates are based on the following calculations:

Loan servicing staff compiles, reviews, and analyzes loan documentation for submission to the Bank.

- Review Time: 12 hours
- Total Reports: 3,000 (750 members x 4 reports)
- Total Hours: 36,000 hours

Data collection cost directly related to loan originator data required by the FHFA:

- Average Cost: \$0.10 per report
- Total Reports: 75,000 reports (750 members x 100 reports)
- Total Cost: \$7,500

Total Member Burden: Cost: \$7,500 Hours: 36,000

NOTE: The total burden reported is the Total Member Burden. It does not include the FHFA and Bank total burden because FHFA employees are Federal government employees and the Banks are instrumentalities of the United States. See 44 U.S.C. 3502(3)(A)(i).

13. Bank members and housing associates could incur additional one-time costs to be able to collect and report additional loan-level data elements required by the Housing and Economic Recovery Act of 2008. The FHFA estimates this additional one-time cost at \$150,000 (\$2,000 x 750 members/housing associates).

14. The estimated annual cost burden to the Federal government is \$0. The method used to determine these costs is discussed in detail under Item 12.

15. The FHFA has made no adjustment to the estimates of reporting and recordkeeping burden and costs in Items 13 and 14.
16. The FHFA may publish information using the AMA data in the form of a press release made available to the public. Any publication would be released in a timely manner.
17. The FHFA plans to display the expiration date for OMB approval.
18. There are no exceptions to the certification statement identified in “Certification for Paperwork Reduction Act Submissions.”

B. Collection of Information Employing Statistical Methods

The information collection does not employ statistical methods.