

Supporting Statement for Paperwork Reduction Act Submissions

Single Family Premium Collection Subsystem-Upfront OMB Control Number 2502-0423

A. Justification

1. Regulations at 24 CFR 203.259a; 203.280; 203-281; and 203-283 authorize the collection, calculation, and refunds of a one-time mortgage insurance premium (MIP). Lenders use the Single Family Premium Collection Subsystem-Upfront (SFPCS-U) to remit the upfront premium to obtain mortgage insurance for the homeowner.
2. SFPCS-U strengthens HUD's ability to manage and process upfront single-family mortgage insurance premium collections and corrections to submit data. It also improves data integrity for the Single Family Mortgage Insurance Program. FHA approved lenders use Automated Clearing House (ACH) applications for all transmissions with SFPCS-U. The collection of information is used to update HUD's Single Family Insurance System. The information collection is also used in calculating refunds due to former FHA mortgagors when they apply for homeowner refunds of the unearned portion of the mortgage insurance premium, 24 CFR 203.283, as appropriate. Without this information the premium collection/monitoring process would be severely impeded, and program data would be unreliable. In general, lenders use the ACH applications to remit the upfront premium through SFPCS-U to obtain mortgage insurance for the homeowner.
3. Pay.gov was developed to meet the commitment of the United States federal government and the U.S. Department of the Treasury's Financial Management Service to process collections electronically using Internet technologies. Pay.gov satisfies the demands of agencies and consumers for electronic alternatives by providing the ability to complete forms, make payments, and submit queries 24 hours a day electronically. This modification of the existing process was made in response to the Department of the Treasury's mandate for all agencies to switch from their current lockbox services to Treasury's Pay.gov collection service.
4. The number of respondents is 4,016 (lenders sign up and use the ACH applications) and the frequency of response is on occasion, at the mortgage closing. Since remittances are made through ACH the upfront remittance is submitted electronically and there is no paperwork to complete and mail-in. There are approximately 48,192 responses per year. There is a decrease in the number of lenders responding due to the recent down turn in the mortgage banking industry because of excessive foreclosures as a result of high interest rates and unemployment. However, there has been growth in the number of refinance loans due to the lower interest rates and the current homeowner incentive programs. HUD has decreased its estimate of burden hours per response because the transactions are all electronic.
5. No duplicate data exists. The data is not available from other sources.
6. There is no impact on small businesses or other small entities.
7. The information collection is required of the remitting mortgagee and shall accompany all upfront payments sent to HUD through ACH and collected and reported by SFPCS-U. If this information collection is not conducted or is conducted less frequently, the consequence to the single-family mortgage insurance program is that incomplete and/or inaccurate data may delay endorsement of the FHA case involved.
8. Mortgagees are required by 24 CFR 203.280 to provide the required information when the upfront mortgage insurance premium is due to the Department, which is the time of settlement when the FHA mortgage closes.
9. In accordance with 5 C.F.R. 1320(8)(d), the agency's notice soliciting public comments for the information collection was published in the Federal Register on December 27, 2006 (Vo1 71, No. 248, page 77776). No comments were received.

- 10. No gift or payment is provided to respondents.
- 11. Confidentiality is not an issue for the data involved.
- 12. No questions of a sensitive nature are involved.

13. Estimate of public burden:

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
MIP's	4,016	12	48,192	.15	7,229	16.00	115,664.00

Hourly rate is based on an estimate of the annual salary of the lender's clerical staff at \$33,280.00.

- 14. There are no additional costs to the respondents.
- 15. Federal Government Costs: None. TREASURY ESTIMATED WE SAVED THEM \$4 MILLION ANNUALLY.
- 16. This is an extension of a currently approved collection. There is an increase in the number of lenders to account for all FHA-approved lenders. Additionally, there has been growth in the number of refinance loans due to the lower interest rates. HUD has decreased its estimate of burden hours per response because the transactions are all electronic.
- 17. The results of the information collection will not be published.
- 18. We are not seeking approval to avoid displaying the expiration date.
- 19. There are no exceptions to the certification statement identified in item 19.

B. Collections of Information Employing Statistical Methods

This information collection does not employ statistical methods.