

July 20, 2010

Supporting Statement for Paperwork Reduction Act Submissions

OMB Control Number: 1660 - 0086

**Title: National Flood Insurance Program – Mortgage Portfolio
Protection Program (MPPP)**

Form Number(s): None

General Instructions

A Supporting Statement, including the text of the notice to the public required by 5 CFR 1320.5(a)(i)(iv) and its actual or estimated date of publication in the Federal Register, must accompany each request for approval of a collection of information. The Supporting Statement must be prepared in the format described below, and must contain the information specified in Section A below. If an item is not applicable, provide a brief explanation. When Item 17 or the OMB Form 83-I is checked “Yes”, Section B of the Supporting Statement must be completed. OMB reserves the right to require the submission of additional information with respect to any request for approval.

Specific Instructions

A. Justification

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information. Provide a detailed description of the nature and source of the information to be collected.

The National Flood Insurance Program (NFIP) is authorized in Public Law 90-448 (1968) and expanded by Public Law 93-234 (1973), and is codified as 42 U.S.C. 4001, *et sec.* Public Law 103-325 (1994) expands upon this and provides federally supported flood insurance for existing buildings exposed to flood risk. In accordance with Public Law 93-234, the purchase of flood insurance is mandatory when federal or federally related financial assistance is being provided for acquisition or flood hazard areas of communities that are participating in the program. The Mortgage Portfolio Protection program (MPPP) is an option that companies participating in the NFIP can use to bring their mortgage loan portfolios into compliance with the flood insurance purchase requirements of the three public laws described above. 44 CFR Part 62.23(L)(1), with 44

CFR Appendix A to Part 62 implements the MPPP requirements for specific notices and other procedures be adhered. Insurance companies applying for or renewing their participation in the Write Your Own (WYO) program must indicate that they will adhere to the requirements of the MPPP if they are electing to voluntarily participate in the MPPP.

Per 44 CFR 62.23(L)(2), WYO companies participating in the MPPP must provide a detailed implementation package, known as the Mortgage Portfolio Protection Program Agreement, to the lending companies who are requesting insurance coverage and the lender must acknowledge receipt.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection. Provide a detailed description of: how the information will be shared, if applicable, and for what programmatic purpose.

A lending institution that wishes to participate in the MPPP must review the information listed in the Mortgage Portfolio Protection Program Agreement which includes 5 addendums. These addendums are 1) the Initial Portfolio Review Mortgagor Notification Process, 2) MPPP Renewal/Expiration Mortgagor Notification Process, 3) Questions and Answers: Portfolio Review Considerations, 4) Questions and Answers: Other Considerations, and 5) Receipt for Materials. The Receipt for Materials must be completed and returned by the credit analyst. This indicates that the respondent has received the material and agrees to comply with the guidelines and requirements contained within this material.

The WYO company will review the Financial Assistance/Subsidy Arrangement, and complete the Notice of Acceptance acknowledgement either agreeing to participate in the MPPP or electing to continue under just the WYO guidelines. This allows FEMA to maintain a list of companies that are participating in the MPPP and can assure that insurance policies written under the MPPP are done so by appropriate WYO companies.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

The Mortgage Portfolio Protection Program Agreement and the Federal Assistance/Subsidy Arrangement can both be found online at <http://www.fema.gov/library/viewRecord.do?id=3820>. The WYO insurance company can print out the Notice of Acceptance page, sign it, and return it with original signature. Credit Analysts wishing to obtain insurance coverage through the MPPP will download

the Federal Assistance/Subsidy Arrangement, sign the Receipt for Materials, and return it with original signature.

FEMA is moving forward with enhancing the electronic capability of this process and the below information details the steps being planned:

Step 1 – within 6 months - begin the electronic signature process by allowing the WYO Companies to obtain/read the arrangement and MPPP forms online, and then allow them to 1) print the signature page, 2) sign the signature page, 3) scan the signed signature page, then 4) email that scanned, signed page back to us.

Step 2 – Within 18 months – the NFIP will implement a full process to allow the WYO Company and their representative to read and sign electronically.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

This information is not collected in any form, and therefore is not duplicated elsewhere.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize.

This information collection does not have an impact on small businesses or other small entities.

6. Describe the consequence to Federal/FEMA program or policy activities if the collection of information is not conducted, or is conducted less frequently as well as any technical or legal obstacles to reducing burden.

Without the MPPP, mortgage lenders would not be able to obtain flood insurance on property where the normal flood insurance purchasing process is not followed by the owner of the property, and the lender's interests would not be protected.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

(a) Requiring respondents to report information to the agency more often than quarterly.

There is no requirement for respondents to report information to the agency more often than quarterly.

(b) Requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it.

There is no requirement for respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it.

(c) Requiring respondents to submit more than an original and two copies of any document.

There is no requirement for respondents to submit more than an original and two copies of any document.

(d) Requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years.

There is no requirement for respondents to retain records, other than health, medical, government contract, grant-in-aid or tax records for more than three years.

(e) In connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study.

There is no survey connected to this collection.

(f) Requiring the use of a statistical data classification that has not been reviewed and approved by OMB.

There is no requirement for the use of statistical data classification.

(g) That includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use.

There is no pledge of confidentiality not supported by statute or regulation.

(h) Requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

There is no requirement to submit proprietary trade secrets or other confidential information.

8. Federal Register Notice:

a. Provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice soliciting comments on the information

collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

A 60-day Federal Register Notice inviting public comments was published on May 5, 2010, Volume 75 pp 24726. No comments were received. See attached copy of the published notice included in this package.

A 30-day Federal Register Notice inviting public comments was published on July 14, 2010, Volume 75 pp 40848. No comments were received. See attached copy of the published notice included in this package.

b. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

The NFIP/FEMA Mitigation Directorate will routinely meet with a wide range of participants at several insurance trade organization meetings (at least 4 times a year) each year. These trade organization meetings provide a forum for information to be exchanged related to all matters related to insurance. Representative of FEMA/NFIP also attend lender meetings and other related activities several times each year. From these meetings FEMA learns of methods to better administer its program.

c. Describe consultations with representatives of those from whom information is to be obtained or those who must compile records. Consultation should occur at least once every three years, even if the collection of information activities is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

Respondents to this information collection and FEMA meet each year at an annual National Flood Insurance Program conference. This conference provides a forum for comments, questions and concerns to be presented and addressed. The NFIP/FEMA Mitigation Directorate is able to take the results and improve its customer service. FEMA also accepts comments via telephone at a toll-free number (800) 379-9531.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

FEMA does not provide payments or gifts to respondents in exchange for a benefit sought.

10. Describe any assurance of confidentiality provided to respondents. Present the basis for the assurance in statute, regulation, or agency policy.

Participation in the MPPP is voluntary, and the acknowledgement contains the minimal information necessary to identify the participants in the MPPP. The National Flood Insurance Program Files computer system security plan complies with the Computer Security Act, OMB Circulars A-123, A-127, and A-130. The National Flood Insurance Program Files computer system has a protection and control of the data maintained in the system. A System of Records Notice (SORN) dated December 19, 2008, Volume 73, Number 245, pages 77747-77750 has been done. A Privacy Impact Assessment was completed on November 26, 2008 and an updated PIA is currently being prepared by the FEMA Privacy Office.

11. Provide additional justification for any question of a sensitive nature (such as sexual behavior and attitudes, religious beliefs and other matters that are commonly considered private). This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

There are no questions of sensitive nature.

12. Provide estimates of the hour burden of the collection of information. The statement should:

a. Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated for each collection instrument (separately list each instrument and describe information as requested). Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desired. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.

It is estimated that 91 sales insurance agents will either acknowledge participation in the MPPP or elect to not participate. It is estimated that reviewing the Financial Assistance/Subsidy Arrangement and completing the Notice of Acceptance acknowledgement will require .5 hours per respondent. The total annual hours burden will be .5 hours times 91 companies = 45.5 hours.

It is estimated that 250 credit analysts will review the Mortgage Portfolio Protection Program Agreement as part of their analysis and acknowledge receipt of the information through the Receipt for Materials. It is estimated that the review of the material and acknowledgement will require .5 hours per respondent. The total annual hours burden will be .5 hours times 250 lenders = 125 hours.

b. If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.

c. Provide an estimate of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. NOTE: The wage-rate category for each respondent must be multiplied by 1.4 and this total should be entered in the cell for “Avg. Hourly Wage Rate”. The cost to the respondents of contracting out or paying outside parties for information collection activities should not be included here. Instead this cost should be included in Item 13.

Table A.12: Estimated Annualized Burden Hours and Costs								
Type of Respondent	Form Name / Form Number	No. of Respondents	No. of Responses per Respondent	Total No. of Responses	Avg. Burden per Response (in hours)	Total Annual Burden (in hours)	Avg. Hourly Wage Rate*	Total Annual Respondent Cost
Business or other for-profit	Financial Assistance/Subsidy Arrangement Notice of Acceptance / No Form	91	1	91	.5	45.5	\$40.68	\$1,851
Business or other for-profit	Mortgage Portfolio Protection Program Agreement Receipt for Materials / No Form	250	1	250	.5	125	\$43.75	\$5,434
Total		341		341		170.5		\$7,285

- Note: The “Avg. Hourly Wage Rate” for each respondent includes a 1.4 multiplier to reflect a fully-loaded wage rate.
- “Type of Respondent” should be entered exactly as chosen in Question 3 of the OMB Form 83-I

Instruction for Wage-rate category multiplier: Take each non-loaded “Avg. Hourly Wage Rate” from the BLS website table and multiply that number by 1.4. For example, a non-loaded BLS table wage rate of \$42.51 would be multiplied by 1.4, and the entry for the “Avg. Hourly Wage Rate” would be \$59.51.

According to the U.S. Department of Labor, Bureau of Labor Statistics website (www.bls.gov) the wage rate category for Insurance Sales Agents is estimated to be (\$29.06 x 1.4 =) \$40.68 per hour including the wage rate multiplier, therefore, the estimated burden hour cost to respondents Insurance Sales Agents is estimated to be \$1,851 annually.

According to the U.S. Department of Labor, Bureau of Labor Statistics website (www.bls.gov) the wage rate category for Credit Analyst is estimated to be (\$31.05 x 1.4 =) \$43.47 per hour including the wage rate multiplier, therefore, the estimated burden hour cost to respondents Credit Analyst is estimated to be \$5,434 annually.

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. (Do not include the cost of any hour burden shown in Items 12 and 14.)

The cost estimates should be split into two components:

- a. **Operation and Maintenance and purchase of services component. These estimates should take into account cost associated with generating, maintaining, and disclosing or providing information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred.**
- b. **Capital and Start-up-Cost should include, among other items, preparations for collecting information such as purchasing computers and software, monitoring sampling, drilling and testing equipment, and record storage facilities.**

Annual Cost Burden to Respondents or Record-keepers

Data Collection Activity/Instrument	*Annual Capital Start-Up Cost (investments in overhead, equipment and other one-time expenditures)	*Annual Operations and Maintenance Cost (such as recordkeeping, technical/professional services, ect.)	Annual Non-Labor Cost (expenditures on training, travel and other resources)	Total Annual Cost to Respondents
Total	0	0	0	0

There are no record keeping, capital, start-up or maintenance costs associated with this information collection.

14. Provide estimates of annualized cost to the federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing and support staff), and any other expense that would have been incurred without this collection of information. You may also aggregate cost estimates for Items 12, 13, and 14 in a single table.

Annual Cost to the Federal Government

Item	Cost (\$)
Contract Costs [Describe]	
Staff Salaries* 1 of GS 12, step 3 employees spending approximately 10% of time annually reviewing the acknowledgements and verifying ability to participate in MPPP for this data collection - $\$79,864 \times 10\% = \$7,986.40 \times 1.4 = \$11,181$; 1 of GS 13, step 3 employees spending approximately 10% of time annually reviewing the acknowledgements and verifying ability to participate in MPPP for this data collection - $\$94,369 \times 10\% = \$9,436.90 \times 1.4 = \$13,212$	\$24,393
Facilities [cost for renting, overhead, ect. for data collection activity]	
Computer Hardware and Software [cost of equipment annual lifecycle]	
Equipment Maintenance [cost of annual maintenance/service agreements for equipment]	
Travel	
Printing 1000 documents x .29 each (50 copies of the MPPP Agreement to hand out if requested at meetings, etc).	\$29.00
Postage [annual number of data collection instruments x postage]	
Other	
Total	\$24,422

* Note: The "Salary Rate" includes a 1.4 multiplier to reflect a fully-loaded wage rate.

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I in a narrative form. Present the itemized changes in hour burden and cost burden according to program changes or adjustments in Table 5. Denote a program increase as a positive number, and a program decrease as a negative number.

A "Program increase" is an additional burden resulting from an federal government regulatory action or directive. (e.g., an increase in sample size or coverage, amount of information, reporting frequency, or expanded use of an existing form). This also includes previously in-use and unapproved information collections discovered during the ICB process, or during the fiscal year, which will be in use during the next fiscal year.

A "Program decrease", is a reduction in burden because of: (1) the discontinuation of an information collection; or (2) a change in an existing information collection by a Federal agency (e.g., the use of sampling (or smaller samples), a decrease in the amount of information requested (fewer questions), or a decrease in reporting frequency).

"Adjustment" denotes a change in burden hours due to factors over which the government has no control, such as population growth, or in factors which do not affect what information the government collects or changes in the methods used to estimate burden or correction of errors in burden estimates.

Itemized Changes in Annual Burden Hours						
Data collection Activity/Instrument	Program Change (hours currently on OMB Inventory)	Program Change (New)	Difference	Adjustment (hours currently on OMB Inventory)	Adjustment (New)	Difference
Financial Assistance/Subsidy Arrangement Notice				11	45.5	+34.5

of Acceptance / No Form						
WYO Company Policy Issuance / No Form	1,500	0	-1,500			
WYO (New Program Entrant Insurance Company) / No Form	750	0	-750			
Total(s)	2,250	0	-2,250	11	44.5	+34.5

Explain: The Financial Assistance Subsidy Arrangement Notice of Acceptance (formerly WYO – Lender/Services Coordination) has an increase in annual hours burden from 11 to 45.5. This increase in annual hour burden is due to the change in the number of respondents from 22 to 91 resulting from more respondents deciding to participate in the program.

In the MPPP, the WYO Company Policy Issuance data collection activity is controlled under OMB Control Number 1660-0006 and the 1,500 annual hour burden are removed from this collection.

In the MPPP, the WYO (New Program Entrant Insurance Company) data collection activity is controlled under OMB Control Number 1660-0020 and the 750 annual hour burden are removed from this collection.

Itemized Changes in Annual Cost Burden						
Data collection Activity/Instrument	Program Change (cost currently on OMB Inventory)	Program Change (New)	Difference	Adjustment (cost currently on OMB Inventory)	Adjustment (New)	Difference
Financial Assistance/Subsidy Arrangement Notice of Acceptance / No Form				\$1,100	\$1,851	+\$851
Mortgage Portfolio Protection Program Agreement Receipt for Materials / No Form				\$12,500	\$5,434	-\$7,966
WYO Company Policy Issuance / No Form	\$37,500	0	-\$37,500			
WYO (New Program Entrant Insurance Company) / No Form	\$56,250	0	-\$56,250			
Total(s)	93,750	0	-\$93,750	\$13,600	\$7,285	-\$7,115

Explain: The change in the Annual Cost Burden for the Mortgage Portfolio Program Agreement (Formerly Lender/Mortgage Service Coordination) is due to the inclusion of the 1.4 multiplier to the wage rate calculation, the increase in number of respondents choosing to participate and the use of a more accurate wage rate category (rate was calculated at \$100 at time of last submission, correct wage rate is \$40.68)

The change in the Financial Assistance/Subsidy Arrangement (formerly WYO – Lender/Services Coordination) is due to the inclusion of the 1.4 multiplier to the wage rate calculation and the use of a more accurate wage rate category (rate was calculated at \$100 at time of last submission, correct rate is \$43.75).

In the MPPP, the WYO Company Policy Issuance data collection activity is controlled under OMB Control Number 1660-0006 and the \$37,500 annual cost burden is removed from this collection.

In the MPPP, the WYO (New Program Entrant Insurance Company) data collection activity is controlled under OMB Control Number 1660-0020 and the \$56,250 annual cost burden is removed from this collection.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

There are no outline plans for tabulation and publication of data for this information collection.

17. If seeking approval not to display the expiration date for OMB approval of the information collection, explain reasons that display would be inappropriate.

This collection does not seek approval to not display the expiration date for OMB approval.

18. Explain each exception to the certification statement identified in Item 19 “Certification for Paperwork Reduction Act Submissions,” of OMB Form 83-I.

This collection does not seek exception to “Certification for Paperwork Reduction Act Submissions”.

B. Collections of Information Employing Statistical Methods.

THERE IS NO STATISTICAL METHODOLOGY INVOLVED IN THIS COLLECTION.