

## Supporting Statement for Paperwork Reduction Act Submissions

### A. Justification:

1. Servicing of insured mortgages must be performed by a mortgagee that is approved by HUD to service insured mortgages. The Mortgage Record Change information is used by FHA-approved mortgagees to comply with HUD requirements for reporting the sale of a mortgage between investors and/or the transfer of the mortgage servicing responsibility, as appropriate. The information is collected electronically through Electronic Data Interchange and via FHA Connection. The authority for this collection of information is specified in 24 CFR 203.431 and 24 CFR 203.502.
2. The information required is used to update HUD's Single Family Insurance System and other related systems. Current data is necessary to establish mortgage premium liability, forward annual premium mortgage data to the appropriate mortgagee/servicer, and maintain premium receivables and program data regarding investors/servicer activity. Without the required data the premium collection/monitoring function would be severely impeded and program data would be unreliable. This information is essential because the data is used to update the Single Family Premium Collection System-Periodic and is used in the accurate billing of monthly premiums as HUD does case level accounting in recording premium payments by mortgagees.
3. Last fiscal year approximately 6,500 lenders submitted 2,500,000 transfers electronically through Electronic Data Interchange and FHA Connection. Use of the Electronic Data Interchange and FHA Connection eliminates the completion and submission of hard copy source documents for the submission of transfer information.
4. No other duplicate data exists. The data is not available from other sources.
5. Small businesses or other small entities are not respondents
6. Information is collected whenever servicing of any mortgage is transferred from one mortgage or service to another. Without the required data the premium collection/monitoring function would be severely impeded and program data would be unreliable.
7. Current guidelines for servicing procedures give the mortgagee 15 days from the date of the sale of a mortgage or the transfer of servicing to provide the required data. Any further delay in providing the data would erode the reliability and effectiveness of the program functions, which depend on timely mortgage activity information.
8. 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 the data elements to be recorded, disclosed, or reported.
  - Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years -- even if the collection of information activity is the same as in prior periods. There may be circumstances that preclude consultation in a specific situation. These circumstances should be explained.

This collection was published on Thursday, September 30, 2010 (Volume 75, Number 189) on Page 60474. No comments were received. Additionally, a 30 day federal register notice was published on Wednesday, December 15, 2010 (Vol. 75, page 78265). Furthermore, a correction to the 30 day federal register notice was published on Tuesday, January, 4, 2011.

9. No gift or payment is provided to respondents.

10. Confidentiality is not an issue for the data involved.

11. No questions of a sensitive nature are involved.

12. Provide estimates of the hour burden of the collection of information.

- Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. 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 desirable.
- Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead this cost should be included in Item 14.

An estimate of the total number of burden hours needed to prepare the information collection is 250,000 (a burden of one tenth hour per response based on the actual time required to key and transmit data to the FHA Connection or EDI), the number of respondents is approximately 6,500, the frequency of response is as required, and the volume of response per respondent is 20 to 700 annually depending on the size of their FHA portfolio. The public reporting burden for this collection of information is estimated to average 0.1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and keying and transmitting the collection of information.

An estimate of the annual cost burden to respondents is \$2,500,000 using an hourly rate of \$10.00 for data entry.

Respondents	Annual Responses	Total Responses	Hrs per Response	Total Annual Hours
6,500	Varies	2,500,000	0.1	250,000

13.

- The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life); and (b) a total operation and maintenance purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the 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. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities;
- If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10) utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.
- Generally, estimates should not include purchases of equipment or services, or portions thereof made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

There are no additional costs to respondents.

14. An estimate of the annualized cost to the Federal Government is \$400,000 including \$100,000 for EDI maintenance by a contractor and \$300,000 for processing rejected data by 4 FTP's.
15. This is an extension of a currently approved collection. There have been no program changes; more accurate data has been supplied from the system. This miscalculation for burden hours in the previous submission, accounts for the current increase.
16. The results of this information collection will not be published.
17. We are not seeking approval to not display the expiration date.
18. There are no exceptions to the certification statement.

**B. Collections of Information Employing Statistical Methods**

The collection of information does not employ statistical methods.