

January 25, 2012

Supporting Statement for Paperwork Reduction Act Submissions

OMB Control Number: 1660 - 0040

Title: Standard Flood Hazard Determination Form

Form Number(s): FEMA Form 086-0-32 (previously FEMA Form 81-93)

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.

On September 23, 1994, Section 303 (a) of the Riegle Community Development and Regulatory Improvement Act of 1994 was signed into law. Section 303 (a) of this Act requires the Federal bank and thrift regulatory agencies to conduct a systematic review of their regulation and written policies in order to improve efficiency, reduce unnecessary costs, and eliminate inconsistencies and outmoded and duplicative requirements. Title V of this Act is the National Flood Insurance Reform Act (NFIRA). Section 528 of the NFIRA requires that FEMA develop a standard hazard determination form for recording the determination of whether a structure is located within an identified Special Flood Hazard Area and whether flood insurance is available. Section 528 of the NFIRA also requires the use of this form by regulated lending institutions, federal agency lenders, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation,

and the Government National Mortgage Association for any loan made, increased, extended, renewed or purchased by these entities.

The requirement for federally regulated lending institutions to determine whether a building or mobile home securing a loan is located in an area having special flood hazards and whether flood insurance is available, has been in effect since the enactment of the Flood Disaster Protection Act of 1973, although the use of a standard form was not required until the enactment of the Riegle Community Development and Regulatory Improvement Act of 1994. The establishment of the Standard Flood Hazard Determination form has enabled lenders to provide consistent information.

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.

FEMA Form 086-0-32 (previously FEMA Form 81-93), is used to comply with Section 303 (a) of the Riegle Community Development and Regulatory Improvement Act of 1994 and Title V of the National Flood Insurance Reform Act (NFIRA) requirements. The Standard Flood Hazard Determination form is used by regulated lending institutions, federal agency lenders, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Government National Mortgage Association. Federally regulated lending institutions complete this form when making, increasing, extending, renewing or purchasing each loan for the purpose is of determining whether flood insurance is required and available. The form may also be used by property owner, insurance agents, realtors and community officials for flood insurance related activities and documentation.

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.

FEMA has utilized technology to reduce the burden for the Standard Flood Hazard Determination Form (SFHDF) by placing it online where users can download the form electronically at http://www.fema.gov/plan/prevent/fhm/frm_form.shtm. The SFHDF may be used in a printed or electronic manner and can be transmitted electronically to FEMA via e-mail.

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.

If federally regulated lending institutions did not collect the information on the Standard Flood Hazard Determination Form (FEMA Form 086-0-32) for each loan, federally-backed loans would be inadequately insured from flood losses. This would place the risk on taxpayers instead of on the lender.

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.

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

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

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

(d) 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.

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

(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.

(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.

This information collection is conducted in a manner consistent with the guidelines in 5 CFR 1320.5(d)(2).

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 July 11, 2011, Volume 76 FR 40738. Comments were received related to the Standard Flood Hazard Determination Form (SFHDF). The commenter's and response letters has been included with this package.

A 60-day Federal Register Notice inviting public comments to the routine renewal of the Standard Flood Hazard Determination Form (SFHDF) (FEMA form 086-0-32) was published on July 11, 2011. Comments to that notice (referred to as the "Initial Comments") were received by the Agency and addressed in the Fall of 2011. The Agency's changes were published in a 30-day Federal Register notice of changes on November 21, 2011. Following that notice, four sets of comments were received in response on December 20 and 21, 2011. Those comments and the Agency's response are summarized below.

Commenter One (The National Flood Determination Association (NFDA) and Mortgage Bankers Association (MBA)) collectively represent the interests of companies which must complete, use, store, and rely upon the SFHDF. Their comment recommends that FEMA extend the current version of the SFHDF without change to allow for sufficient time for a public dialogue between FEMA the users of the form. In the alternative, they offered recommendations, summarized below.

Commenter Two (American Bankers Association (ABA)) represents a group of lending institutions that use the SFHDF. They believe the form's function is limited to use by lenders and that the Initial Comments come from a group that has no involvement in the use of the SFHDF and does not fully appreciate the impact of the proposed changes to the form. They are concerned with the impact the changes may have on the clarity of the form and recommend that no changes be made to the form. This commenter supports Commenter One's recommendations.

Commenter Three (Wells Fargo) is an individual federally regulated mortgage lender and, as with all users, utilizes the form to comply with the requirements of the Flood Disaster Protection Act of 1973 and the National Flood Insurance Reform Act of 1994 (the Acts).

Commenter Four (Corelogic) provides flood determinations for lenders and servicers throughout the US. They note in their comments that when FEMA and the regulatory Agencies introduced the SFHDF, they intentionally limited the amount of information contained on the form. Their comments also reflect those of the three comments described above.

A summary of comments and suggestions follows.

Section I, Part 2. Collateral

All commenters request that no changes be made at this time to Section I, Part 2, which describes the collateral (real property). One concern was that the new language was longer than previous language, and removed some of the response space. In the alternative, commenters One, Two and Three recommended that collateral descriptive information be moved to the instruction pages rather than the face of the form, since Agency changes pursuant to the Initial Comment reduces the amount of space available to describe the collateral.

FEMA response – the changes discussed in the November notice were made in response to a request for clarifying language in this box, and the Agency believes some change is needed. To meet conflicting requests, FEMA has shortened the description of collateral on the face of the form leaving the same amount of space as originally appeared on the form. Some language was removed and some was moved to the information pages. The term “parcel number” was added as a requirement to provide a consistent and readily available way to identify the property without entering the entire legal description. While addresses can change, the parcel number remains the same. The property parcel number is available through deeds and/or other public property records that have always been used when filling out the SFHDF.

The Agency has added descriptive suggestions on page two of the information section. The broadened information is offered only as suggestions to help determine the location of the property, it is not required. The space allotted for a response on the form remains the same.

Section II, Part B. Box 3. LOMA/LOMR

This box has been a part of the form since it was originally developed. It indicates to the reader that there is a FEMA Letter of Map Amendment (LOMA) or a Letter of Map Revision (LOMR) for the collateral in question. The LOMA and LOMR are official amendments, by letter, to an effective Flood insurance Rate Map (FIRM). A LOMA establishes a property's location in relation to the Special Flood Hazard Area (SFHA).

LOMAs are usually issued because a property has been inadvertently mapped as being in the floodplain, but the property is actually on natural high ground above the base flood elevation. A LOMA/LOMR is an indication that the collateral is at lesser risk and does not require flood insurance under the Acts. Knowing the LOMA/LOMR status is, and has always been, an essential purpose of the SFHDF.

Because a LOMA officially amends the effective NFIP map, it is a public record. The Commenters recommended that the field be removed or made optional due to increased work, expense, and burden related to the acquisition, transmission and storage of the particular information.

The Commenters requested that no changes be made to Section II, Part B. Box 3. Commenter Three noted that lenders might not know whether there is a LOMA or LOMR or the number.

FEMA response - The LOMA/LOMR box has always been a part of the form and it previously included a “yes” box and a line for writing the date of the LOMA/LOMR. In the first round of comments, FEMA received a specific request by a user/reader of the form to make this box offer more information. The request was that FEMA remove what was a “yes” box and replace that box with the date and number of the LOMA/LOMR. The Agency has opted to require the LOMA/LOMR number rather than the LOMA/LOMR date. This does not change the requirement that LOMA information be obtained prior to completing the form. The LOMA/LOMR is readily available to the public.

Section II, Part C, Federal Flood Insurance Availability

All Commenters recommended that the language remain the same in Section II, Part C. as on the earlier version of the form prior to any change having been made.

FEMA response – we will follow this recommendation.

Section II, Part D, Determination.

Commenters urged FEMA to maintain the language and format of the current version of the Form, noting that the addition of a statement to borrowers about flood risk represents the area of greatest concern. They believe it may be interpreted to create a duty that currently does not exist with the lender or the service provider.

The changed statement pursuant to the Initial Commenter’s suggestion was:

If no, flood insurance is not required by the Flood Disaster Protection Act of 1973. **Please note, the risk of flooding in this area is only reduced, not removed. Property owners should seriously consider flood insurance.**

(Bold emphasis added to indicate the change made pursuant to the Initial Commenter's recommendation.)

FEMA response – FEMA understands that the final proposed sentence might indicate broader issues than previously indicated and has removed the last sentence to meet part of the commenters' recommendations. The form will now read:

If no, flood insurance is not required by the Flood Disaster Protection Act of 1973. Please note, the risk of flooding in this area is only reduced, not removed.

The Agency believes that there is no additional risk or duty imposed on the lender by the first sentence of this change. In addition to requiring the use of this form, the Act requires that the lenders prepare a Notice of Special Flood Hazard and Availability of Federal Disaster Relief Assistance and mail that to the borrower. There are certain items the Act requires that notice include. Among these are 1) A general warning with respect to the chance of flooding, and 2) a discussion of the availability of flood insurance. The new sentence on this form reinforces this notification requirement.

It is unclear to the Agency why an explanation of what it means to be outside the SFHA exposes the entity that fills out the form to any new responsibility. Further, it is a key part of FEMA's mission to educate the public of potential natural and other risks, including the risk of flooding. The risk of flooding to the lender's collateral outside the SFHA may be reduced, but it is not removed.

Changes to the Information Pages

As discussed above, some changes have been made to the information pages that accompany this form. In Section II. C. two website addresses have been updated.

FEMA recognizes that these commenters are heavy users of the form. However, we respectfully disagree that lenders are the sole users of this form. The Agency will be allowing users a six-month adjustment period before the form's use becomes required to allow users to update their internal processes to meet these changes. The agency also takes note that the form has not been changed since introduced more than 15 years ago. One reason there have not been changes to the form over those years is to avoid updates to user systems. While the Agency originally intended to maintain the same information on the form in this cycle, requested changes were received from users of that form that needed to be addressed.

Whenever possible FEMA has made an effort to limit the information contained on the form to ensure the space allotted for information remains the same and that the information collected by the form remains close to the same. Some language included in the November changes has been moved to the instructions pages and other intended changes were not made. This effort needed to be balanced with comments received from all users regarding information.

One commenter notes that when FEMA and the regulatory Agencies introduced the SFHDF, they intentionally limited the amount of information contained on the form. FEMA respectfully disagrees. FEMA was given the statutory responsibility to create, maintain and update the form (42 U.S.C. 4104, as amended; P.L. 103-325, Section 1365). The Agency believes that such responsibility includes ensuring that all user recommendations are addressed to the best of our ability, while maintaining the integrity of the form. FEMA recognizes that lender related groups of commenters are heavy users of the form. Other user groups have always included state and community officials, insurance agents, insurers, flood insurance vendors, property owners, and the public.

FEMA does not believe it was the initial intent in the Acts to prohibit the form's use from any entity that needed to determine the risk of flooding for real property. The Agency hopes these changes can be seen as compromises between all users of the form, including FEMA. We hope to work with all users on any future changes to this form.

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.

FEMA has ongoing relationships with representatives of federally-regulated lending institutions and federal entities for lending regulation in part, to obtain their views on the Standard Flood Hazard Determination form and its use. Federal Agency Lenders, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Government National Mortgage Association provide *comment* through the FEMA's web sites for the submission of comments.

FEMA meets annually with the six federal agencies that have regulatory authority over lending institutions, and with the federal agency lenders, Government Sponsored Enterprises (GSEs), lender trade associations and the National Flood Determination Association (NFDA) to discuss lender compliance in accordance with the National Flood Insurance Reform Act of 1994. The federal regulatory agencies, GSEs, lender trades and NFDA attend three days of flood and compliance courses and participate on panels at the FEMA National Flood Course each year.

A FEMA Lender Compliance Person participates on the panel to discuss flood insurance and compliance issues during the regulator and trade association annual conferences. Communications are ongoing weekly or monthly with the lending community. FEMA solicited comments and recommendations from the lending community.

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.

FEMA's web site provides a forum for the submission of comments. In addition, ongoing communications with the associations representing third party providers of flood hazard determination services to the lending industry have resulted in comments received regarding the use policy of the Standard Flood Hazard Determination Form. FEMA's web site provides a forum for the submission of comments concerning all aspects of mandatory purchase of flood insurance requirements, and use of the SFHDF. Emails are received and answered daily by the lender compliance person.

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.

A Privacy Threshold Analysis (PTA) was completed and approved by the DHS Privacy Office on October 25, 2011 for this collection. The final results of the PTA have been adjudicated as a non privacy sensitive system.

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 a 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. 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.

FEMA has estimated that approximately 46,456,460 Business or other for-profit respondents will complete **FEMA Form 086-0-32 (previously FEMA Form 81-93)**.

The total annual burden is estimated to be 46,456,460 responses x 0.33 hours per response = 15,330,632 total annual burden 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. 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.

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	Standard Flood Hazard Determination Form (SFHDF) / FEMA Form 086-0-32 (previously FEMA Form 81-93)	46,456,460	1	46,456,460	0.33 (20 minutes)	15,330,632	\$31.35	\$480,615,313.20
Total		46,456,460		46,456,460		15,330,632		\$480,615,313.20

• Note: The "Avg. Hourly Wage Rate" for each respondent includes a 1.4 multiplier to reflect a fully-loaded wage rate.

According to the U.S. Department of Labor, Bureau of Labor Statistics website (www.bls.gov) the wage rate category for Business and Financial Occupations is estimated to be \$31.35 per hour including the wage rate multiplier, therefore, the estimated burden hour cost to respondents Business or other for-profit is estimated to be \$480,615,313.20 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.

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 [None]	0
Staff Salaries 1 of GS-9, step 1 employee spending approximately 40% of time annually managing the information for this data collection = $\$51,630.00 \times 40\% = \$20,652.00 \times 1.4 = \$28,912.80$	\$28,912.80
Facilities [cost for renting, overhead, etc. for data collection activity]	0
Computer Hardware and Software [cost of equipment annual lifecycle]	0
Equipment Maintenance [cost of annual maintenance/service agreements for equipment]	0
Travel	0
Printing [number of data collection instruments annually]	0
Postage [annual number of data collection instruments x postage]	0
Other	0
Total	\$28,912.80

- Note: The "Avg. Hourly Wage Rate" for each respondent 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 a 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.

Annual Burden Hours Explain:

There are no changes to the annual hour burden and there has been no change to the information being collected. However, there have been changes to **FEMA Form 086-032** - All changes were to provide clarification. The new data element (in Section II, B., 3. – a line for the date of the LOMA/R was added) has been removed pursuant to recent comments. The rest added or removed language and moved around some boxes, but basically kept the information the same. Those changes were to: the language of Section I, 2. – FEMA added to the list of possible property identifiers; Section II, C. – has not been changed and remains as it was in the previous addition of the form; and Section II, D. – The line discussing if the property was outside the SFHA was clarified to encourage property owners to consider buying insurance.

Annual Cost Burden Explain:

There are no changes in the annual cost burden.

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.

FEMA does not intend to employ the use of statistics or the publication thereof 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.

FEMA will display the expiration date for OMB approval of this information collection.

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

FEMA does not request an exception to the certification of this information collection.

B. Collections of Information Employing Statistical Methods.

There is no statistical methodology involved in this collection.