

# Supporting Statement for Paperwork Reduction Act Submissions

## FHA PowerSaver Pilot Program

### PART 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.

The Consolidated Appropriations Act, 2010 (Public Law 111-117, approved December 16, 2009, 123 Stat. 3034) (2010 Appropriations Act), which appropriated fiscal year 2010 funds for HUD, among other agencies, appropriated \$50 million for an Energy Innovation Fund to enable HUD to catalyze innovations in the residential energy efficiency sector that have the promise of reliability and help create a standardized home energy efficient retrofit market. Of the \$50 million appropriated for the Energy Innovation Fund, the 2010 Appropriations Act stated that “\$25,000,000 shall be for the Energy Efficient Mortgage Innovation pilot program directed at the single family housing market.” (See Public Law 111-117, at 123 Stat. 3089).

In accordance with this Congressional directive, The Department of Housing and Urban Development developed the FHA Home Energy Retrofit Loan Pilot Program, also called FHA PowerSaver Pilot Program (PowerSaver). The Program uses the appropriation funds to support Program expenses and incentives.

On March 31, 2011, the Department of Housing and Urban Development published a Federal Register Notice *Federal Housing Administration (FHA): Notice of FHA PowerSaver Home Energy Retrofit Loan Pilot Program* (see 76 FR 17936). This notice announced the final structure of the PowerSaver Program, and takes into consideration of public comments received in response to the proposed notice published on November 10, 2010. The Notice authorizes FHA loan insurance to help homeowners finance energy-saving alterations, repairs, and improvements in connection with existing structures. On February 12, 2013, a new notice was published in the Federal Register (see 78 FR 9936), extending the program to May 4, 2015.

The PowerSaver program was initially designed for a 2-year duration, placed under FHA’s Title I Property Improvement loan insurance program (Title I program). Under the Title I program, participating lenders provide financing to homeowners using FHA’s Title I Property Improvement loan insurance program, which is described in more detail via OMB Control Number 2502-0328.

The Department intends to issue a Notice of Funding Availability (NOFA), which expands the PowerSaver to a Title II program known as 201(k), Home Rehabilitation Mortgage Insurance, described in more detail in OMB approval 2502-0527 for lenders that originate and service Section 203(k) mortgages.

For both Title I and Title II PowerSaver programs, the appropriated funds are/will be allocated to selected lenders as part of a grant program. Grant funds may be used to for borrower incentives and limited types of lender expenses.

HUD will collect data related to the following purposes:

- A. To assure that federal grant funds are being used for eligible expenses and purposes
- B. To support the program goals stated in March 30, 2011 Notice:
  - i. to facilitate the testing and scaling of a mainstream mortgage product for home energy retrofit loans that includes liquidity options for lenders, resulting in more affordable and widely available loans than are currently available for home energy retrofits; and
  - ii. to establish a robust set of data on home energy efficiency improvements and their impact – on energy savings, borrower income, property value, and other metrics – for the purpose of driving development and expansion of mainstream mortgage products to support home energy efficiency retrofits.

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.**

The respondents are borrowers, lenders, and dealers (contractors, sellers, or supplier of goods or services). For both Title I and Title II PowerSaver programs, participation by lenders, borrowers and dealers/contractors is voluntary. Those who willingly participate as respondents can be eligible to receive grant incentives.

The PowerSaver was launched in March 30, 2011 under FHA *Title I Property Improvement* program, and will expand to an FHA Title II program known as *203(k) Rehabilitation Mortgage Insurance* program. For both PowerSaver programs, the appropriated funds are/will be allocated to selected lenders as part of a grant program. Both PowerSaver programs use existing HUD forms, and do not require any new forms.

HUD will collect data related to the following **purposes**:

- A. **Use of Grant Funds.** Information will be collected from participants that receive federal funds, to assure that the money is being used for eligible Program expenses and purposes. Lenders who receive PowerSaver grant funds are required to report to HUD on their use of federal funds. This reporting facilitates monitoring use of federal funds for allowable expenses and program purpose. Grant funds may be used to for lowering transaction costs associated with Section 203(k) home and rehabilitation loans that incorporate approved PowerSaver energy efficiency measures, marketing, and certain administrative.
- B. **Program Goals.** To support the program goals stated in March 30, 2011 Notice:
- i. to facilitate the testing and scaling of a mainstream mortgage product for home energy retrofit loans that includes liquidity options for lenders, resulting in more affordable and widely available loans than are currently available for home energy retrofits; and
  - ii. to establish a robust set of data on home energy efficiency improvements and their impact – on energy savings, borrower income, property value, and other metrics – for the purpose of driving development and expansion of mainstream mortgage products to support home energy efficiency retrofits.

For both of these PowerSaver programs, lender and borrower participation is voluntary. Some of the participating lenders receive grant awards, and those grantees are required to report to HUD on their use of incentive payments funds. The information collection requirements will a) facilitate HUD's monitoring of use of incentive payments funds to ensure funds are used accordingly, b) provide information about the performance of loans that finance energy efficient improvements, and c) collect information about types of energy-saving improvements that chose to make and their benefits.

Below is a discussion of the various information collections in connection with the grant funds, and program requirements for each of the two PowerSaver programs.

**Use of Federal Funds – Applicable to All PowerSaver Grantees**

Lenders who were selected to receive a Program grant are required to report to HUD on their use of incentive fund payments. The information collection requirements will facilitate HUD's monitoring of use of incentive payments to ensure funds are used for the following eligible expenses:

- (1) Supporting costs associated with creating or enhancing staffing and/or systems necessary to deliver or report on PowerSaver insured loans;
- (2) Funding costs of loan marketing, systems, and support;
- (3) Offsetting costs associated with appraisals and other approved methods of property valuation; and
- (4) Program costs (loan origination and underwriting fees).

As part of process for the grantee to draw grant funds, they email Request Voucher for Grant Payment HUD-27053 (OMB Approval No. 2535-0102). Though not required, grantees often submit receipts, and other explanations for expenses. FHA does not collect the details of these expenses, but lenders are required to maintain records of the details, and provide summary information to FHA about their program progress and costs. Grantee will request and receive payment through HUD's Electronic Line of Credit Control System (LOCCS), by submitting a vouchers request for grant payment (HUD-27053) to designated program GTR/managers for approval of draw request.

All PowerSaver lenders who are awarded grant funds must comply with by the Federal Administrative and Reporting requirements of 48 CFR Part 31, and submit on a semiannual basis a narrative report describing the grantee's use of funds, and program progress, obstacles, and proposed plans and solutions.

On a semi-annual basis, grantees are required to submit a narrative performance report to HUD. This report does not use a form of any sort. Lenders may submit the report electronically through e-mail or through the mail. The requirements of the report are consistent with established protocol for monitoring using of federal funds. These reports must include information on:

1. Grantee's name, address, and grant number as they appear on the grant document;
2. Start and end dates of the report period;
3. Activities: Description of activities related to expenses. Cover each of the allowable expense categories described in the grant.
4. Number and activities of staff. Indicate for information about quantity of staff and activities for the reported period.
5. Achievement of Goals. If applicable, describe achievements, impediments, and efforts towards PowerSaver goals. Explain what, if any, new strategies and work plan adjustments are planned.
6. Authorization. Signature and title of person authorized by the Grantee to sign the report;

### **Program Goals**

1. The program design includes features and requirements that can "test" stakeholders of all levels, including homeowners, lenders, home improvement contractors, and investors who buy FHA-insured loans (also called secondary market investors). This information can tell which program features encourage interest from participants, produce the least risk to investors, and can scale the program to large volume. Information is collected to assure that the Program requirements are met and that lenders use grant funds for eligible expenses. Below is a discussion of the information collected, in connection with the program features and requirements for each of the two PowerSaver programs.
2. PowerSaver will collect data about the types of energy efficient improvements borrowers choose to make. Lenders already collect this data about the types of home improvements borrowers make, as part of 203(k) Rehabilitation Mortgage Insurance program requirements and with OMB approval 2502-0527 and Title I OOMB approval 2502-0328. PowerSaver program will separately identify types of improvements that can save energy and utility costs.

## **PowerSaver Features and Requirements Under Title I**

Lenders provide financing to homeowners using FHA's Title I loan program, which is described in more detail via OMB Control Number 2502-0328. In addition and separate from the Title I collection, this collection for FHA PowerSaver covers information to evidence compliance specific to FHA PowerSaver program requirements, and assure that lenders use grant funds for eligible expenses, and that borrowers are eligible to receive program grant funds.

PowerSaver added new restrictions to the Title I Property Improvement loan program as described below. These features are being tested as likely to a) provide the loans with low default rates; b) encourage investor interest (because of low default rates and limited loan variables), and provide lenders with liquidity options, c) provide homeowners with highest quality improvements that are likely to reduce utility bills and improve the home's comfort. Compliance with these restrictions is required in exchange for receiving federal grant incentives. The descriptions of each Program feature below include an explanation of how lenders collect information and whether the data is transmitted to HUD.

- A. **Loan term:** Where Title I allows loans up to 20-years in duration for all property improvement loans, PowerSaver limits the loan term to 15 years for standard home energy efficient improvements as identified in appendix B of the March 30, 2011 notice. The Program allows up to 20-year loan terms if the loan finances renewable energy improvements, such as solar panels, wind turbines or biomass heating systems. The lender determines the loan term limit during the borrower's application process. This information collection is the same as under Title I, and the PowerSaver does not change the lender and borrower application process. Loan terms are collected using HUD form 56001 (OMB Approval No. 2502-0328), and are transmitted to HUD electronically through FHA Connection. Lenders must review the loan term according to the type(s) of energy efficient improvements the borrower intends to make. Lenders report the loan term as they normally do for all Title I loans, by entering the data through FHA Connection.
- B. **Property Type:** The Title I program permits single family residential, multifamily residential and non-residential properties. In contrast, the PowerSaver permits only single family residential homes that have a maximum of 1-unit of living space. The borrower provides information about the property type to the lender during their application process, as normally required for Title I loans. The Property type to be improved is information collected using HUD form 56001 (OMB Approval No. 2502-0328), and is transmitted to HUD electronically through FHA Connection. The PowerSaver program does not change how the lender collects the information, but the lender must review the property type for Powersaver eligibility. Lenders report the property type as they normally do for all Title I loans, by entering the data through FHA Connection.
- C. **Geographic Scope:** Where Title I allows lending in all of the US States and territories, PowerSaver is limited to locations that support Department of Energy's (DOE) Better Buildings Neighborhoods, or Home Performance with Energy Star. The locations of the programs are available in 46 states, as mapped on a DOE web page. Generally, PowerSaver lenders applied to participate in the Program, based on their state licenses and operations matching these DOE locations. FHA does not collect additional data for this requirement. FHA does require lenders to document compliance with this requirement, but they report the property address on Title I HUD form -56001 (Credit Application for Property Improvement Loan) (OMB Approval No. 2502-0328). The property address is also reported in FHA Connection when lenders register the loan for FHA insurance. Lenders must evaluate the property receiving improvement to determine if its location falls within an eligible geographic area. FHA is eliminating this restriction with the new Title I Letter.
- D. **Combined Loan-to Value (CLTV) Ratio:** Title I does not limit the loan amount by a CLTV ratio. However, PowerSaver limits the CLTV ratio to 100%, for any loan that secures the property with lien.

FHA is eliminating this requirement through the new Title I Letter. The CLTV ratio is determined by the lender's calculation, in which the sum loan amounts owed on the property is divided by the property value. For PowerSaver loans, the combined amounts owed on the property may not be greater than the property value (maximum 100% CLTV ratio). In order to calculate this ratio, PowerSaver lenders are required to determine the property value (see Valuation Determination below). Lenders report the CLTV ratio electronically through FHA Connection when they normally report the loan for FHA insurance.

- E. Valuation Determination: The Title I program does not require that the lender determine the value of the property. PowerSaver added this requirement, which can be met using Fannie Mae's appraisal form 2055 (also called a "drive-by appraisal"), or with other types of alternative valuation models (e.g. local tax assessments, etc). FHA has been flexible with how valuations may be determined. The valuation determination is only required for loan amounts greater than \$7,500. FHA does not require lenders to report the dollar value determined for the property, but the lender loan file should document the figure and how the figure was achieved. FHA is eliminating this requirement with the new Title I Letter.
- F. Occupancy: The Title I program does not provide rules for occupancy of the property. Under the Title I program, borrowers are eligible regardless of whether or not they occupy. PowerSaver loans however, are limited to borrowers who will occupy the property. The borrower provides information about their occupancy to the lender during their application process, as normally required for Title I loans. The address of the borrower's residence is collected using HUD form 56001 (OMB Approval No. 2502-0328), and is compared with the property address, also listed on this form. Both addresses are transmitted to HUD electronically through FHA Connection. The PowerSaver program does not change how the lender collects the information, but the lender must review the occupancy to assure Powersaver eligibility. Lenders report the borrower occupancy information as they normally do for all Title I loans, by entering the data through FHA Connection.
- G. Decision Credit Score: The Title I Property Improvement program does not require a credit score, but provides a field for lenders to voluntarily provide the data. PowerSaver added a requirement that the borrower(s) have a minimum credit score of 660. Lenders obtain the credit score from the credit report, which is required for all Title I loans. Since a credit report is always required for all Title I borrowers, the score requirement does not change how the lender collect this data. However, whereas the data is voluntarily given to FHA for normal Title I loans, PowerSaver lenders must enter the score into FHA Connection system.
- H. Use of Loan Proceeds: The Title I program allows all loan proceeds to be used for improvements that are permanently affixed to the property, and are among those eligible on the eligibility list located in Title I Letter 471. PowerSaver requires that 75 percent of the loan proceeds be used for measures that can improve the home's energy efficiency, and are among those listed on an appendix attached to the March 30, 2011 Federal Register notice. For both programs (Title I and PowerSaver), lenders must evaluate the work contract to determine whether the improvements are eligible. This requirement does not change how the lender collects or provides this data but lenders must review to assure compliance. FHA enhanced its fields in FHA Connection system, to allow the lender more options to select for types of improvements made.
- I. Eligible Loan Process: The Title I program recognizes and provides regulations for two different loan processes: Direct loans, and Dealer loans. PowerSaver permits only loans processed under the Direct loan process. PowerSaver is expanding to also allow Dealer loans with the new Title I letter. Neither the original requirement, nor the expanded policy change how the lender collects or provides this data. FHA does not collect this data.

- J. Disbursement of Loan Proceeds: Title I allows loan proceeds to be disbursed to the borrower, or jointly to the borrower and the contractor. FHA is modifying this policy (in a Title I Letter) just for PowerSaver loans, to allow the disbursement of loan proceeds directly to the dealer (contractor). In addition, Title I allows 100 percent of loan proceeds to be disbursed at closing, prior to the work being completed. PowerSaver allows up to 50 percent of loan proceeds to be disbursed at closing, and in no case may less than 50 percent of the loan be disbursed until the improvements are completed. The requirements for the disbursement of loan proceeds are not collected by FHA, but lenders must review to assure compliance.
- K. Discount Points: Title I does not permit third parties to pay discount points, which would lower the borrower's loan interest rate. PowerSaver allows third-parties to pay discount points, when they are *bona fide*. The FHA does not collect this information. Discount points to be paid are indicated on the work contract agreement or settlement sheet, and the PowerSaver requirement does not change how the lender collects that information. The requirements for the disbursement of loan proceeds are not collected by FHA, but lenders must review to assure compliance.
- L. Loan Performance: Lenders may be asked to provide information about loan performance of each PowerSaver loan. Lenders are to submit reports listing the FHA Case number and payment status for each. Payment status shows whether the loan is current or past due. To show a loan is past due, lenders mark the time that the loan is past its last payment date, from 30 up to 180 days maximum. Lenders can also indicate a known reason for the default, using existing codes that are used for Title I claim. Lenders submit their report through email to [FHAPowerSaver@hud.gov](mailto:FHAPowerSaver@hud.gov), and are required to protect their reports with a password. Every effort has been taken to ensure borrower privacy is protected with approval of Office of Chief Information Officer.

As described above, a new Title I Letter will modify the PowerSaver program policies to remove some of the requirements that were applicable only to PowerSaver loans, and were established through the March 30, 2011 Federal Register notice. These changes will align PowerSaver more closely with existing Title I regulations. The Letter will also allow new flexibilities with how participating lenders may disburse loan proceeds. As with the prior PowerSaver notices, the lenders application to participate in the Program is voluntary.

### **PowerSaver (Title II - 203(k))**

Some FHA- approved lenders choose to offer homeowner financing under FHA's Title II loan program, known as *203(k) Home Rehabilitation Mortgage Insurance Program (203(k))*, and which is described in more detail via OMB Control Number 2502-0527. In addition and separate from this 203(k) collection, the new collection for FHA PowerSaver covers information to evidence compliance with requirements specific to FHA PowerSaver 203(k) program requirements, and assure that lenders use grant funds for eligible expenses, and that borrowers are eligible to receive program grant funds.

Under existing regulations and published guidance (Handbook 4240.4 and Mortgage Letters) for Title II's 203(k) program, for information collected under OMB approval 2502-0527 for lenders that originate and service Section 203(k) mortgages, lenders must document review and evaluate which home improvements are made (home improvement contract with clear description of work and services to be provided), and those improvements must be among those eligible improvements which are permitted. The 203(k)PowerSaver program does not alter any existing 203(k) program rules, but offers grant incentives to borrowers who make improvements can improve the home's energy efficiency, and:

- a. Meet prescriptive efficiency standards, which have been published in the Federal Register, on March 30, 2011 for PowerSaver, and will also be referenced in NOFA published August 13, 2013 [Docket No. FR-5700-N-30], which solicits lenders to participate in the PowerSaver under 203(k) program, or

- b. Comply with performance based recommendations from a credentialed professional home energy inspector.

Lenders must provide evidence in the loan file that the improvements were made according to options “a” or “b” as listed above in this section. No form exists on which to provide this information. Under the existing 203(k) program (OMB approval 2502-0527), information about the improvements to be made is may be provided to the lender on the work contract agreement signed by the borrower and contractor. Lender must evidence compliance with the standards, or recommendations described above in options “a” or “b”, which most commonly consists of a copy of the Energy Star label that accompanies the product purchase, or a contractor’s work write-up (e.g. contract) showing the insulation rating.

Lenders report their information about these requirements via electronically through FHA Connection. The Department expects to select up to three lenders to participate in the 203(k) PowerSaver program.

### **PowerSaver – General (Both Title I and Title II)**

For both the Title I Property Improvement program, and the Title II 203(k) program, lenders collect information about the types of improvements that are to be completed with the FHA-insured loans, to verify that loans are eligible to receive federal incentive funds. FHA recently enhanced its systems with new fields for energy-efficiency improvements, from which PowerSaver lenders could identify for loans being reported for insurance. The FHA PowerSaver does not collect data for income, or property value.

As part of the grant process for both Title I and Title II PowerSaver grants, lenders request voucher HUD form 27053, for distribution of grant funds using the automated Voice Response System (VRS). This voucher process is covered under *OMB Control Number: 2535–0102*. Lenders email request to draw grant funds, based on their expense records.

As of this writing, there are 4 lenders who actively participate in the PowerSaver program (Title I), and this number is expected to increase to a maximum of 10 lenders. A new Title I Letter is in clearance which invites new PowerSaver lenders (Title I) to participate without grant awards, and FHA expects to select up to 3 new lenders, making a maximum of 13 total lenders approved to participate in the Title I PowerSaver.

FHA expects a maximum total of 16 PowerSaver lenders, 13 under the Title I program and 3 under the Title II 203(k) program.

- 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.**

All data collections described in question 2 are reported using electronic systems, such as FHA connection, e-mail, and HUD’s Electronic Line of Credit Control system.

In an effort to reduce the administrative burden associated with the mailing and processing their administrative reports and requests for grant draws, lenders are permitted to submit electronically their applications to participate in the PowerSaver program. For lenders to submit their application to participate, lenders may email their Expression of Interest to [FHAPowerSaver@hud.gov](mailto:FHAPowerSaver@hud.gov).

As reported in collections OMB Control Number 2502-0328 (Title I), and OMB Control Number 2502-0527 (Title II), lenders will report all new PowerSaver loans using FHA Connection, which is an internet-based system that allows FHA-approved lenders to have real-time access to several of FHA's systems over HUD's Internet system for the purpose of originating and servicing FHA loans.

For lenders to use grant funds that were awarded to them, a grant draw request may be submitted electronically to the designated program GTR/ managers. Grantee will request and receive payment through HUD's Electronic Line of Credit Control System (LOCCS), by submitting a vouchers request for grant payment (HUD-27053) to designated program GTR/ managers for approval of draw request.

**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.**

There is no duplication of information. The information that must be included is necessary to ensure that lenders are complying with the requirements to report to HUD their use of incentive payments funds.

**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 burden.**

Lender participation in the FHA PowerSaver voluntary and, therefore, any administrative burden associated with this collection of information is assumed at the choice of the lender. Moreover, the information that must be provided is readily available to lenders, and its collection does not impose any administrative or other burdens unique to small business lenders interested in participating in the pilot program.

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

Absent the information collection, the Department would have no way of monitoring lender use of incentive funds for the pilot program. Also, in accordance with the direction from Congress, HUD will strive to collect information that can be used to develop a mainstream mortgage loan product for borrowers who wish to make proven energy-efficient improvements to their homes.

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

- requiring respondents to report information to the agency more than quarterly;
- requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;
- requiring respondents to submit more than an original and two copies of any document;
- requiring respondents to retain records other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
- in connection with a statistical survey, that is not designed to produce valid and reliable results than can be generalized to the universe of study;
- requiring the use of a statistical data classification that has not been reviewed and approved by OMB;
- 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; or



- **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 are no special circumstances as described.

8. **If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), 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.**
  - **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.**

In accordance with 5 CFR 1320.8(d), the agency's notice soliciting public comments was announced in the *Federal Register* on August 9, 2013 (Vol. 78, No. 154, page 48709). No comments were received. HUD regularly receives comments and input on its information collection requirements from lending institutions, home improvement contractors, and advocacy groups. HUD assesses the comments and applies when possible.

External and internal consultations were conducted by the Department. Peter Krajsa from AFC First Financial stated that the small number of hours for grant reporting was within the cost of doing business. Thorne Butler from W.J. Bradley Mortgage Company stated that the time used to assure that the improvements listed in the work contract are among those on the list of eligible energy-efficient improvements is not overly burdensome. According to Trish McBarron, Credit Policy Specialist in Washington, DC, the PowerSaver program activity is expected to increase as program requirements are lifted, and participating lenders develop liquidity options.

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

No gifts or payments will be provided other than the payment of FHA insurance claims and related lender incentive payments to support activities that reduce costs to borrower, as described in the Federal Register notice establishing the pilot program. Grant payments are paid to reimburse grantees for eligible expenses they have already paid.

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

The confidentiality of the information provided by lenders will be safeguarded, consistent with the assurances of confidentiality provided by the Department to other applicants for assistance under HUD competitive funding programs.

11. Provide additional justification for any questions 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.

No questions of a sensitive nature are included in this request.

12. Provide estimates of the hour burden of the collection of information. The statement should:
- 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. 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;
  - if this request 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; and
  - 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 13.

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response★★★	Annual Cost
Lender Applications to participate (Title I) ★ (2502-0328)	154	1	154	16	2,464	\$48	\$118,262
Lender Applications to Participate (Title II) ★★★ (2502-0328)	2,440	1	2,440	16	39,040	\$48	1,873,920
Collecting Documentation to show Borrower Eligibility ◆	26	1	2,500	0.3	750	\$48	36,000
Program Marketing and System Enhancements	26	1	312	3	936	\$48	44,928
Grant Draws and Administrative Records and Reporting ◆◆ including Form 20753 (2535-0102)	26	1	364	4	1,456	\$48	69,888
Loan Term	26	1	2,500	.1	250	\$48	12,000
Property Type	26	1	2,500	.1	250	\$48	12,000
Geographic	26	1	2,500	.1	250	\$48	12,000

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response★★★	Annual Cost
Scope							
Combined Loan-to-Value	26	1	2,500	1.0	2,500	\$48	120,000
Valuation Determination	26	1	2,500	1.0	2,500	\$48	120,000
Occupancy	26	1	2,500	.1	250	\$48	12,000
Credit Score	26	1	2,500	.1	250	\$48	12,000
Use of Loan	26	1	2,500	.1	250	\$48	12,000
Eligible Loan Processes	26	1	2,500	.1	250	\$48	12,000
Disbursement of Loan Proceeds	26	1	2,500	.25	625	\$48	30,000
Discount Points	26	1	2,500	.1	250	\$48	12,000
Loan Performance	26	12	312	.25	78	\$48	3,744
<b>Totals</b>	<b>5,000</b>		<b>33,582</b>		<b>52,349</b>		<b>2,512,742</b>

- ★ Number of Respondents = Number of FHA-approved lenders are active in Title I in 2012 (condition for participation in PowerSaver)
- ★★ Number of Respondents = Number of FHA-approved lenders that are active in Title II - 203(k) in 2012 (condition for participation in PowerSaver)
- ★★★ The hourly cost is based on an estimate of the average annual salary of respondent staff at the equivalent of the Federal hourly rate of a GS-13 at the mid-point level, per the 2012 salary table for DC-MD-VA-WV-PA
- ◆ Number of Respondents = Number of Program participants (Title I and Title I)
- ◆◆ Number of Responses per Annum = each program participant prepares draw requests and reports approximately one time per month. (26 x 12 = 312); In addition, participants submit semi-annual narrative reports (26 x 2 = 52)

13. There are no additional costs to respondent lenders or borrowers.

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response ★★★	Annual Cost
Assessing/ Scoring Lender Applications to Participate (Title I) ★	154	1	154	1.5	231	\$48	\$11,088
Assessing/ Scoring Lender Applications to Participate (Title II) ★★	2,440	1	2,440	1.5	3,660	\$48	175,680
Collecting Documentation to show Borrower Eligibility ◆	26	1	1,500	0.1	150	\$48	7,200
Program Marketing and System Enhancements	26	1	312	.25	78	\$48	3,744
Grant Draws and Administrative Records and Reporting ◆◆	26	1	364	.5	182	\$48	8,736
Loan Term	26	1	2,500	.1	250	\$48	12,000
Property Type	26	1	2,500	.1	250	\$48	12,000
Geographic Scope	26	1	2,500	.1	250	\$48	12,000
Combined Loan-to-Value	26	1	2,500	1.0	2,500	\$48	120,000
Valuation Determination	26	1	2,500	1.0	2,500	\$48	120,000
Occupancy	26	1	2,500	.1	250	\$48	12,000
Credit Score	26	1	2,500	.1	250	\$48	12,000
Use of Loan	26	1	2,500	.1	250	\$48	12,000
Eligible Loan Processes	26	1	2,500	.1	250	\$48	12,000
Disbursement of Loan Proceeds	26	1	2,500	.25	625	\$48	30,000
Discount Points	26	1	2,500	.1	250	\$48	12,000
Loan Performance	26	12	312	.25	78	\$48	3,744
<b>Totals</b>			<b>32,582</b>		<b>12,004</b>		<b>576,192</b>

★

Number of Respondents = Number of FHA-approved lenders are active in Title I in 2012

★★ Number of Respondents = Number of FHA-approved lenders that are active in Title II - 203(k) in 2012

★★★ The hourly cost is based on an estimate of the average annual salary of respondent staff at the equivalent of the Federal hourly rate of a GS-13 at the mid-point level, per the 2012 salary table for DC-MD-VA-WV-PA

◆ Number of Respondents = Number of Program participants (Title I and Title I)

◆◆ Number of Responses per Annum = each program participant prepares draw requests and reports approximately one time per month (26 x 12 = 312); In addition, participants submit semi-annual narrative reports (26 x 2 = 52)

### Explain the reasons for any program changes or adjustments reported in Items 13 and 14 of the OMB Form 83-I.

13. There are no additional costs to the respondents.

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 not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.**

The annualized cost to the Federal government is estimated according to estimated annual and total burden hours or 37,218 hours. The Federal burden includes data analyses and compliance reviews related to PowerSaver loans. The annualized cost to the Federal government also assumes a \$48 per hour estimate, and is calculated at \$184,409. As of 3/1/2012, the hourly pay for GS-13 Step 5 in the DC-MD-VA-WV-PA localities is \$48.35.

15. **Explain the reasons for any program changes or adjustments reported in Items 13 and 14 of the OMB Form 83-I.**

This is a new request for approval of an information collection. In 2010, the former collection was discontinued due to funding.

16. **For collection 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.**

The information will not be published.

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

There is no request to not display the expiration date.

18. **Explain each exception to the certification statement identified in item 19.**

There will be no exceptions to the certification statement identified in Item 19 of the OMB 83-I, "Certification for Paperwork Reduction Act Submissions."

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

This collection will not employ statistical methods.

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