

October 2, 2015

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

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 (Act) 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 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/media-library/assets/documents/225?id=1394>. The SFHDF may be used in a printed or electronic manner and can be transmitted electronically to FEMA via e-mail.

FEMA does not collect the information, but we are responsible for creating and updating the form (see response to question 2, regarding the regulatory requirements), the form is used to collect flood risk data by federally regulated lenders outside FEMA's authority. Approximately 90% of these responses are collected 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.

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. Section 528 of the NFIRA requires the use of this form by regulated lending institutions for any loan made, increased, extended, renewed or purchased by these entities. If the form is not available it could affect millions of loans in the United States.

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.**
- (c) Requiring 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.**
- (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.**

(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 December 11, 2014, 79 FR 73604. One request for a copy of the proposed information collection was received by the public, and a draft of the proposed information collection was subsequently forwarded to the requester. The Agency responded to this comment and provided the most up-to-date copy of the proposed information collection to the requester.

In order to correct a clerical error with the docket number, a Correction 60-day Federal Register Notice extending the comment period was published on February 9, 2015, 80 FR 7004. FEMA received four public comments. Below is a summary of the 4 sets of comments and how FEMA responded.

In response to the 30-day notice, FEMA-2014-0034, OMB No. 1660-0040, FEMA received joint comments from a coalition of lenders and flood determination groups (the American Bankers Association; Consumer Bankers Association; Consumer Mortgage Coalition; Credit Union National Association; Independent Community Bankers of America; Mortgage Bankers Association; National Association of Federal Credit Union; and the National Flood Determination Association). These comments are supplemental to those provided in a February 9, 2015 joint letter in response to the 60-day notice and are in direct response to the revised version of the Form made available by the Director of

the Records Management Division upon request for copies of the information collection in March 2015.

The group's concerns regarding the planned changes to the Standard Flood Hazard Determination Form (SFHDF), FEMA Form 086-0-32, are:

By moving the OMB number and expiration date off of the Form itself, by maintaining page numbers inclusive of the Form itself, and by adding "(continuation)" to the Form itself, FEMA appears to be expanding the Form to a 3-page form. As a result, lenders and servicers will interpret the document to be a 3-page document inclusive of the instructions, and will be required to make system and process changes to receive, store, and retain each page for each loan. This will significantly increase burden, yet provides no commensurate increase in benefit in terms of performance or compliance, and should be avoided.

We strongly recommend that FEMA make the following simple changes to remove ambiguity as to the length of the Form itself—

- Ensure the Form's OMB number and expiration date appear on the Form itself,
- Remove page numbers from the lower right-hand corner, and
- Remove the word "(continuation)" from the Form's header.

Implementation Time is Required

Any revision to the Form requires implementation time for preparers, lenders, and servicers to update electronic forms, processes, and systems. Therefore, we request that the final notice related to the issuance of the revised version of the Form specifically mention that the currently effective version of FEMA Form 086-0-32 continues to remain effective and valid for 6 months from May 30, 2015.

Format Should Remain Flexible

Historically, preparers and users of the Form were given flexibility with regard to the non-material format of the Form, provided the required data was being collected. We request that the final notice related to the issuance of the Form expressly permit such flexibility. An example of a format choice is the "Yes/No" field in the Letter of Map Change field (Section II.B, Box 3).

The Instructions state that the "field can remain blank if no Letter of Map Change ... applies to the subject property[.]" therefore, a preparer may choose to not include the "Yes/No" field within the Form that it completes for its customers as the field contains no material information to the Form. This is non-substantive and reduces paperwork burden, and should be permissible.

Miscellaneous Corrections and Recommendations

The revised draft of the Form contains two typographical errors which need to be corrected. First, the current draft omits the word "Home" from the title of Section

II.B which should state “National Flood Insurance Program (NFIP) Data Affecting Building/Mobile Home[.]” Secondly, for non-participating communities, the draft incorrectly states “community participates in the NFIP” in Section II.C, Box 2, which should state “Federal Flood Insurance is not available (community does not participate in the NFIP)”.

Regarding the dates associated with the Form, both the effective date (current draft displays “03/15”) and the expiration date (current draft displays “April 30, 2015”) need to be updated appropriately.

With respect to LOMC case numbers, given that case numbers were not always recorded on early LOMC determination documents, we request that the Instructions acknowledge that a LOMC case number may not be available to report on the Form, perhaps with a simple reference such as adding the phrase “if available.”

The group recommendations appear to be as follows:

1. The form should remain a single-page form.
2. The “Comments” section was moved to/on the form itself.
3. The parenthetical reference “(continuation)” to the Form’s header should be removed.
4. The following Typographical errors need to be corrected:
 - a. The current draft omits the word “Home” from the title of Section II.B which should state “National Flood Insurance Program (NFIP) Data Affecting Building/Mobile Home [.]”
 - b. For non-participating communities, the draft incorrectly states “community participates in the NFIP” in Section II.C, Box 2, which should state “Federal Flood Insurance is not available (community does not participate in the NFIP)”.
5. Ensure the Form’s OMB number and expiration date appear on the Form itself, not just the first page
6. Remove unclear page numbering.
7. Ensure users have flexibility in how they use the form, such as noting that the LOMC number/date may not always be available (Section II.B., Box 3).

The Agency’s response to the comments and recommendations are as follows:

1. The commenters request that the form should remain a single-page form. The Agency is unable to comply. The form has always included the instructions section. FEMA DHS requires that all forms and documents published by the Department/Agency meet formatting requirements, including that all forms display the burden statement at the top of the collection instrument (the form). The Burden Statement has always been at the top of the instructions section to allow the actual form as much room as possible. The only way to meet FEMA requirements while keeping the actual form a single page, is to keep the burden statement at the top of the instructions page and to move the instructions pages forward to the front of the document.

2. The coalition noted that “Comments” section has been moved to the form itself. The form has always included a comment section, there has been no change. While the comment section has been shortened to allow other sections to be lengthened, it’s location on the form has not changed. We have tried to make adding comments as simple as possible. As noted in the instructions, comments are optional and if needed, additional pages can be attached.

The agency will comply with the following recommendations:

3. The parenthetical reference “(continuation)” to the Form’s header has been removed.
4. The following typographical errors have been corrected:
 - a. The word “Home” has been added to the title of Section II.B. It now reads “National Flood Insurance Program (NFIP) Data Affecting Building/Mobile Home.”
 - b. For non-participating communities, Section II.C, Box 2, has been corrected, to read as follows: “Federal Flood Insurance is not available (community does not participate in the NFIP)”.
5. The agency will add the OMB number and expiration date on all pages of the form in the top right.
6. The Agency will correct the unclear page numbering as follows:
 - a. The one page form will read (SFHDF – FORM – page one of one) in the bottom right;
 - b. The two pages of instructions will read (SFHDF – Instructions – Page one of two) and (SFHDF – Instructions – Page two of two).
7. Ensure users have flexibility in how they use the form, such as noting that the LOMC number/date may not always be available (Section II.B., Box 3). The LOMC section has been updated as suggested. We believe that this information is substantive and can affect the risk determination. Users are referred to their lender or regulatory entity for guidance regarding use of the form. Any flexibility regarding its use would be more properly addressed by those entities, not FEMA.

The commenter also recommended that the final notice related to the issuance of the revised version of the Form specifically mention that the currently effective version of FEMA Form 086-0-32 continues to remain effective and valid for 6 months from May 30, 2015. The Federal Register is not the appropriate place to address a grace period for systems update. It is not appropriate for FEMA to determine the grace period for entities that we do not regulate. To the best of our ability, FEMA will address this concern on the actual webpage introduction to the form. Users will be referred to their Regulator or lender to determine their timing requirements regarding updating their internal systems for use of the new form.

The commenter recommended that the dates associated with the Form need to be updated appropriately. Please note all effective dates listed on the form will be updated when the final version of the form has been approved.

A 30-day Federal Register Notice inviting public comments was published on March 5, 2015, 80 FR 12023. Three requests for a copy of the proposed information collection were received by the public, and a draft of the proposed information collection was

subsequently forwarded to the requesters. The Agency responded to this comment by providing the most up-to-date copy of the proposed information collection to the requester.

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 Industry and Public Relation employee participates on the panel to discuss flood insurance and compliance issues during the regulator and trade association annual conferences. Communications are ongoing 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 the lending industry and 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 by FEMA and adjudicated by the DHS Privacy Office on November 25, 2014.

This is not a privacy sensitive system. FEMA does not collect, use, or maintain either completed forms or any information provided to lenders and other stakeholders when completing the form.

There are no assurances of confidentiality provided to the respondents for this information collection.

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 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.

FEMA has estimated that approximately 46,456,460 Business or other for-profit respondents will complete FEMA Form 086-0-32. 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. 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.

| 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 | 46,456,460 | 1 | 46,456,460 | 0.33 (20 minutes) | 15,330,632 | \$48.00 | \$951,265,715.60 |
| Total | | 46,456,460 | | 46,456,460 | | 15,330,632 | | \$951,265,715.60 |

• 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 Loan Officer is estimated to be \$48.00 (\$34.29 x 1.4 = \$48.00) per hour including the wage rate multiplier, therefore, the estimated burden hour cost to respondents Loan Officer is estimated to be **\$951,265,715.60** 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 [There are no contract costs - input 0] | \$ - |
| Staff Salaries of 1 GS 14 step 7 employees spending approximately 3% of time annually processing the information received for this data collection. 1 GS-14, Step 7 = \$128,790.00 x 3% = \$3,863.70 x 1.4 = \$5409.18 | \$5,409.18 |
| Facilities [cost for renting, overhead, etc. for data collection activity] | |
| Computer Hardware and Software [cost of equipment annual lifecycle] | 0 |
| Equipment Maintenance [cost of annual maintenance/service agreements for equipment] | 0 |
| Travel | 0 |
| Total | \$ 5,409.18 |

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

Table 14 (Annual Cost to the Federal Government) has been updated to reflect the correct government cost, the previous cost overestimated the time spent updating the form. Previous listed cost (\$28,912) minus corrected cost (\$5409.18). This is a decrease of \$23,502.82. The corrected cost reflects an increase of \$1,100.18 from the 60-day Federal Register Notice because of a clerical error in reporting the correct salary for the federal employee.

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 |
| Standard Flood Hazard Determination Form (SFHDF) / FEMA Form 086-0-32 | | | | 15,330,632 | 15,330,632 | 0 |
| Total(s) | | | | 15,330,632 | 15,330,632 | 0 |

Explain:

There are no changes to the annual hour burden previously reported and there has been no change to the information being collected. However, there have been changes to FEMA Form 086-0-32. These changes are being made to clarify the language of the form and to offer users a wider variety of suggested information so the form will be simpler to use than in the past. There is no indication yet that the changes will alter the burden hours in any way.

Itemized Changes in Annual Cost Burden

Explain:

There is no cost burden for 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.

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.