

Office of the Comptroller of the Currency
Supporting Statement
Loans in Areas Having Special Flood Hazards
Homeowner Flood Insurance Affordability Act of 2014
OMB Control No. 1557-NEW

A. Justification.

1. Circumstances that make the collection necessary:

The Federal banking agencies have issued a final rule regarding loans in areas having special flood hazards to implement certain provisions of the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA), which amends some of the changes to the Flood Disaster Protection Act of 1973 mandated by the Biggert-Waters Flood Insurance Reform Act of 2012 (Biggert-Waters). The rule establishes requirements with respect to the escrow of flood insurance payments, consistent with the changes set forth in HFIAA. It also implements an exemption in HFIAA for certain detached structures from the mandatory flood insurance purchase requirement.

Biggert-Waters required escrow for all new and outstanding loans in a special flood hazard area, unless certain exceptions applied. The HFIAA added several new exceptions, one of which ties the escrow requirement to a tripwire event (the origination, refinance, increase, extension, or renewal of a loan on or after January 1, 2016). While a regulated lending institution is not required to escrow until a tripwire event occurs, such institution is still required to offer and make available the option to escrow for all outstanding designated loans.

2. Use of the information:

This information collection is required to evidence compliance with the requirements of the Federal flood insurance statutes with respect to lenders and servicers. Entities subject to the OCC's existing flood insurance rules (part 22) will have to review and revise disclosures that are currently provided to ensure that such disclosures accurately reflect the disclosure requirements in this proposed rule. Entities subject to the rule may also need to develop new disclosures to meet the proposed rule's timing requirements.

Biggert-Waters required escrow for all new and outstanding loans in a SFHA, unless certain exceptions applied. HFIAA added several new exceptions, and most notably, ties the escrow requirement to a tripwire event (the origination, refinance, increase, extension, or renewal of a loan on or after January 1, 2016). While a regulated lending institution is not required to escrow until a tripwire event occurs, such institution is still required to offer and make available the option to escrow for all outstanding designated loans. This requirement is identical to the prior PRA burden in the October 2013 Proposed Rule, which required an escrow notice for all outstanding designated loans. However, there may be fewer notices because of the additional exceptions under HFIAA. The PRA Agencies believe the paperwork burden

estimates remain unchanged from the prior PRA burden estimated in the October 2013 Proposed Rule.

3. Consideration of the use of improved information technology:

Any improved information technology may be used to meet the requirements of the regulation.

4. Efforts to identify duplication:

The information required is unique and is not duplicated elsewhere.

5. Methods used to minimize burden if the collection has an impact on a substantial number of small entities:

Not applicable.

6. Consequences to the Federal program if the collection were conducted less frequently:

Less frequent notice would substantially impair the effectiveness of the program.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320:

None. The information collection is conducted in accordance with OMB guidelines in 5 CFR part 1320.

8. Efforts to consult with persons outside the agency:

This information collection was published for comment in connection with the proposed and final rules. Pursuant to 5 CFR 1320.11(c), OMB filed a comment in response to the ICR the OCC filed in connection with the proposed rule instructing the OCC to examine public comment in response to the proposed rule and describe in the supporting statement of its next collection any public comments received regarding the collection as well as why (or why it did not) incorporate the commenter's recommendation. No comments were received on the information collection, which has been resubmitted to OMB in connection with the final rule.

9. Payment to respondents:

None.

10. Any assurance of confidentiality:

The information collected will be kept confidential to the extent permitted by law.

11. Justification for questions of a sensitive nature:

Not applicable. No personally identifiable information is collected.

12. Burden estimate:

The OCC estimates that respondents would take, on average, 40 hours to update their systems in order to comply with the disclosure requirements and the one-time escrow notice under the final rule. In an effort to minimize the compliance cost and burden, particularly for small entities that do not meet the requirement for the statutory exception, the proposed rule contains model disclosures in Appendices A and B that may be used to satisfy the requirements.

1,550 Respondents x 40 hours = 62,000 hours.

The OCC is consolidating the burden contained in the final rule (§ 22.5) with that contained in the existing rule, which was previously approved under OMB Control No. 1557-0202. (see below)

Section	Description	Type of Burden	Number of Respondents	Annual Frequency	Time per Response	Total Estimated Burden Hours
22.6	Retention of Standard FEMA Form (Existing Rule)	Recordkeeping	1,550	336	2.5 min.	21,700
22.9	Notice of Special Flood Hazards to Borrowers and Servicers (Existing Rule)	Disclosure	1,550	60	5 min.	7,750
22.10	Notice to FEMA of Servicer (Existing Rule)	Disclosure	1,550	60	5 min.	7,750
22.10	Notice to FEMA of Change of Servicer (Existing Rule)	Disclosure	1,550	30	5 min.	3,875
22.7	Notice to Borrowers of Lapsed Mandated Flood Insurance (Existing Rule)	Disclosure	1,550	7	5 min.	904
22.7	Purchase of Flood Insurance on the Borrower's Behalf (Existing Rule)	Disclosure	1,550	3	15 min.	1,163
22.7	Notice to Borrowers of Lapsed Mandated Flood Insurance Due to Remapping (Existing Rule)	Disclosure	1,550	5	5 min.	646
22.7	Purchase of Flood Insurance on the Borrower's Behalf Due to	Disclosure	1,550	3	15 min.	1,163

	Remapping (Existing Rule)					
22.5	Escrow Notice (Final Rule)	Disclosure	1,550	1	40	62,000
	Total					106,951

Cost to Respondents:

106,951 hours x \$92 = \$ 9,839,492

To estimate compensation costs associated with the collection, we used \$92 per hour, which is based on May 2012 Bureau of Labor Statistics wage data for the average of the 90th percentile for seven occupations (i.e., accountants and auditors, compliance officers, financial analysts, lawyers, management occupations, software developers, and statisticians) plus an additional 33 percent to cover adjustments and private sector benefits. According to Bureau of Labor Statistics employer costs of employee benefits data, thirty percent represents the average private sector costs of employee benefits.

13. Estimate of annualized costs to respondents:

None.

14. Estimate of annualized costs to the government:

None.

15. Changes in burden:

The increase in burden is due to statutory and regulatory changes.

16. Information regarding collections whose results are planned to be published for statistical use:

No publication for statistical use is contemplated.

17. Display of expiration date:

Not applicable.

18. Exceptions to certification statement:

Not applicable.

B. Collections of Information Employing Statistical Methods.

Not applicable.