



"ADVANCES TO HOUSING ASSOCIATES"

OMB NUMBER 2590-0001

SUPPORTING STATEMENT [DRAFT]

A. JUSTIFICATION

1. Circumstances Necessitating the Collection of Information

Section 10b of the Federal Home Loan Bank Act (Bank Act)¹ establishes the requirements for making Federal Home Loan Bank (Bank) advances to nonmember mortgagees, which are referred to as “Housing Associates” in the regulations of the Federal Housing Finance Agency (FHFA).² Section 10b also establishes the eligibility requirements an applicant must meet in order to be certified as a Housing Associate.

Part 1264 of FHFA’s regulations implements the statutory eligibility requirements and establishes uniform review criteria the Banks must use in evaluating applications from entities that wish to be certified as a Housing Associate. Specifically, § 1264.4 implements the statutory eligibility requirements and provides guidance to an applicant on how it may satisfy those requirements.³ Section 1264.5 authorizes the Banks to approve or deny all applications for certification as a Housing Associate, subject to the statutory and regulatory requirements.⁴ It also permits an applicant that has been denied certification by a Bank to appeal that decision to FHFA.

In part 1266 of FHFA’s regulations, subpart B governs Bank advances to Housing Associates that have been approved under part 1264. Section 1266.17 establishes the terms and conditions under which a Bank may make advances to Housing Associates.⁵ Specifically, section 1266.17(e) imposes a continuing obligation on each certified Housing Associate to provide information necessary for the Bank to determine if it remains in compliance with applicable statutory and regulatory requirements, as set forth in part 1264.

¹ 12 U.S.C. § 1430b.

² See 12 CFR 1264.3.

³ See 12 CFR 1264.4.

⁴ See 12 CFR 1264.5.

⁵ See 12 CFR 1266.17.



2. Use of Data

The Banks use the information collection contained in §§ 1264.4 and 1264.5 to determine whether an entity satisfies the statutory and regulatory requirements to be certified initially, and to maintain its status as a Housing Associate eligible to receive Bank advances. FHFA may also use the information collection to determine whether to uphold or overrule a Bank's decision to deny Housing Associate certification to an applicant.

3. Use of Information Technology

Banks may accept applications and reports in Adobe Portable Document Format (PDF) that are sent by email. Otherwise, the information collection does not involve the use of automated, electronic, mechanical or other technological collection techniques or other forms of information technology.

4. Efforts to Identify Duplication

The information collection avoids duplication by permitting the submission of information that already is available to, or compiled by, an applicant for other purposes. For instance, an applicant may meet the requirement in section 10b(a) of the Bank Act and section 1264.4(a) of the regulations that it be approved under title II of the National Housing Act by submitting a current Department of Housing and Urban Development (HUD) Yearly Verification Report or other documentation issued by HUD stating that it is an approved mortgagee. Further, an applicant may meet the requirement in section 10b(a) of the Bank Act and section 1264.4(d) of the regulations that its principal activity in the mortgage field consists of lending its own funds and advances may be safely made by submitting previously prepared financial statements and other financial documents. To satisfy the other eligibility requirements, an applicant may provide copies of applicable federal, state or local laws and/or regulations.

5. Impact on Small Entities

The information collection will not have a significant economic impact on a substantial number of small entities. The rule implements statutory requirements and is applicable to all applicants for certification and certified Housing Associates regardless of their size. FHFA does not have the authority to make adjustments to the statutory requirements to accommodate small entities.

6. Consequences of Less Frequent Collection and Obstacles to Burden Reduction

If the information were not collected at the time an applicant seeks to be certified as a Housing Associate, a Bank would be unable to determine whether the applicant satisfies the statutory eligibility criteria and FHFA would be unable to determine whether to uphold or overrule a Bank's decision to deny Housing Associate certification to an applicant.



7. Circumstances Requiring Special Information Collection

There are no special circumstances requiring the information collection to be conducted in a manner inconsistent with OMB guidelines.

8. Solicitation of Comments on Information Collection

In accordance with the requirements of 5 CFR § 1320.8(d), FHFA published a request for public comments regarding this information collection in the *Federal Register* on July 2, 2015.⁶ The 60-day comment period closed on August 31, 2015. FHFA received one comment that did not address the burden estimates, or any other PRA-related aspect of the collection.

9. Provision of Payments or Gifts to Respondents

No payment or gift is provided to any respondent.

10. Assurance of Confidentiality

The Banks and FHFA will maintain the confidentiality of information obtained from respondents as required by applicable statute, regulation or agency policy.

11. Questions of a Sensitive Nature

There are no questions of a sensitive nature in the information collection.

12. Estimates of the Hour Burden of the Information Collection

FHFA estimates the annualized hour burden imposed upon respondents by this information collection to be 336 hours. It estimates the associated annualized hourly costs to respondents to be \$22,645, which includes salaries, benefits, and overhead costs.

These totals comprise both the estimated burdens imposed upon institutions applying to be certified as a Housing Associate for the first time (28 hours; \$2,548) and upon existing Housing Associates providing information to confirm that they continue to qualify (308 hours; \$20,097). Based on historical experience, FHFA projects that, in a five year period, the agency may hear one appeal filed by an applicant that has been rejected for certification as a Housing Associate. Because of the infrequency of these appeals (in fact, one has never occurred), the burdens associated with the appeal process have not been included in the estimates.

⁶ See 80 FR 38200 (July 2, 2015).



FHFA's total burden estimates are based on the following calculations:

I. Applicants

Based on historical experience, FHFA assumes an average of 2 applicants will apply to one of the Banks for certification as a new Housing Associate each year. The estimated annualized hour burden on those entities is 28 hours and the estimated annualized costs are \$2,548, based on the following calculations:

Analyst compiles and reviews the necessary documentation for application submission to the Bank:

- Processing time: 8 hours
- Total applications: 2
- Total hours: 16
- Hourly rate: \$40 (includes salary, benefits and overhead)
- Total cost: \$640

Outside Attorney reviews membership application to conform statutory and regulatory eligibility:

- Processing time: 6 hours
- Total applications: 2
- Total hours: 12
- Hourly rate: \$159 (includes salary, benefits and overhead)
- Total cost: \$1,908

II. Current Housing Associates

FHFA assumes an average of 77 existing Housing Associates will provide information to a Bank to establish their continuing eligibility each year. This figure is derived from adding to the current number of Housing Associates (74) one-half of the number of new Housing Associates ($6 \times 0.5 = 3$) that the agency estimates will be certified over the next 3 years. The estimated annualized hour burden on those Housing Associates is 308 hours and the estimated annualized costs are \$20,097, based on the following calculations:

Analyst compiles and reviews the documentation to provide periodic financial statements to the Bank:

- Processing time: 1 hour
- Total Housing Associates: 77
- Total hours: 77



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- Hourly rate: \$51 (includes salary, benefits and overhead)
- Total cost: \$3,927

Staff Attorney reviews the documentation to provide periodic financial statements to the Bank:

- Processing time: 3 hours
- Total Housing Associates: 77
- Total hours: 231
- Hourly rate: \$70 (includes salary, benefits and overhead)
- Total cost: \$16,170

13. Estimated Total Annualized Cost Burden to Respondents

FHFA estimates that the additional annualized cost burden on Housing Associates or applicants to be certified as Housing Associates, in addition to the hourly costs reported under item #12, will be \$2,131, calculated as follows:

Miscellaneous expenses related to Housing Associates application processing:

- Average cost/application: \$103
- Total applications: 2
- Total cost: \$206

Miscellaneous expenses related to Housing Associates providing periodic financial statements to Banks:

- Average cost handling/providing/mailling periodic financial statements: \$25
- Total Housing Associates: 77
- Total cost: \$1,925

14. Estimated Cost to the Federal Government

The estimated annual cost burden to the Federal government is \$0.

15. Reasons for Change in Burden

FHFA has increased the estimated total annual burden hours slightly to 336 from the 286 that were shown in the Supporting Statement submitted with the request for renewal of this information collection in 2012. This increase is due to two factors: (1) an increase (to 2 from 1) in the estimated number of entities applying to be certified as Housing Associates annually; and (2) an increase (to 77 from 68) in the estimated number of existing Housing Associates that will need to comply with the annual reporting requirements. FHFA made both of those adjustments



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based on the actual increase in the number of Housing Associates from December 31, 2011 through December 31, 2014.

In addition, FHFA has increased the estimated annualized costs associated with the burden hours reported under Item #12 (to \$22,645 from \$17,932). This increase is due partially to the increase in the estimated number of existing Housing Associates and applicants described above and partially to the fact that we have adjusted all of the estimated “per hour” costs to reflect a 5.8% total increase in the Employment Cost Index (ECI) for civilian workers since 2012.⁷ FHFA has also increased its estimate of other annualized costs reported under Item #13 (to \$2,131 from \$1,800) to reflect the higher estimated number of Housing Associates and applicants and a 3.8 percent total increase in the Consumer Price Index for all Urban Consumers (CPI-U) from 2012 to 2015.⁸

16. Plans for Tabulation, Statistical Analysis and Publication

The results of this information collection will not be published.

17. If Seeking Approval to Not Display the Expiration Date for OMB Approval of the Information Collection, Explain the Reasons Why Display Would Be Inappropriate

FHFA plans to display the expiration date for OMB approval.

18. Explain Each Exception to the Topics of the Certification Statement Identified in “Certification for Paperwork Reduction Act Submission.”

There are no exceptions to the certification statement identified in Item 18.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

This information collection does not employ statistical methods.

⁷ See United States Bureau of Labor Statistics, *Employment Cost Index Historical Listing, Vol. V* (Apr. 2015) at Table 4, “Employment Cost Index for total compensation, for civilian workers, by occupation and industry.”

⁸ The percentage used was the difference between the average CPI-U for the year 2012 and the average CPI-U for the year 2015 to-date.