



1201 15th Street NW
Washington, DC 20005

David L. Ledford
Executive Vice President

T 800 368 5242
F 202 266 8400

www.nahb.org

April 25, 2016

Office of Information and Regulatory Affairs of the
Office of Management and Budget
Attention: Desk Officer for the Federal Housing Finance Agency
Washington, DC 20503

Re: Proposed Collection; Comment Request: American Survey of Mortgage
Borrowers (ASMB) No. 2016-N-03.

Submitted via Electronic Delivery to: RegComments@fhfa.gov

Dear Sir or Madam:

Pursuant to the notice and comment request published in the March 24, 2016 *Federal Register* (81 Fed. Reg. 15707), I would like to provide comments on the ASMB on behalf of the National Association of Home Builders (NAHB).

NAHB is a Washington DC-based trade association representing more than 140,000 members involved in all aspects of the residential construction industry, including the financing of single-family homes. Moreover, the ability of the home building industry to meet the demand for housing, including addressing affordable housing needs, and contribute significantly to the nation's economic growth is dependent on an efficiently operating housing finance system.

Establishing and maintaining an efficiently operating housing finance system, in turn, is dependent on the availability of information about how the system functions and serves the U.S. population. NAHB and its members, therefore, have a strong interest in the information collection proposed in the above-referenced Federal Register notice.

NAHB offers comments and recommendations on three specific issues raised in the notice: 1) whether the information has practical utility; 2) ways to enhance the quality, utility, and clarity of the information collected; and 3) ways to minimize the burden of the collection of information on survey respondents, including through the use of automated collection techniques or other forms of information technology.

1. Whether the Information has Practical Utility

After reviewing the draft questionnaire, NAHB believes that the practical utility of information collected by the ASMB is clear. This information will allow for more in-depth analysis of the mortgage market, that will not only greatly aid the Federal Housing Finance Agency (FHFA) in its task of supervising Fannie Mae, Freddie Mac,

and the Federal Home Loan Banks, but also assist other government agencies, as well as private sector lenders and policy analysts, to better evaluate market conditions and make more informed decisions, especially when the ASMB is integrated into the broader National Mortgage Data Base (NMDB).

Although considerable data on mortgage markets may seem to be available from existing sources, some of the information collected in the ASMB is unique, and no existing source combines information about individual borrowers, loan performance, and nature of the homes purchased in the way proposed by the ASMB as part of the NMDB. Existing sources either lack robust data on mortgage performance, have limited demographic data, or only collect data on market subsets. Moreover, many are proprietary and expensive, and therefore not very accessible to those with limited resources.

2. Ways to Enhance the Utility of the Information Collected

The draft questionnaire in general does a good job of capturing useful information in key categories; however, it misses a critically important aspect of the homes the mortgages are used to purchase—how new they are.

This is critical because age of structure is associated with a wide range of characteristics theoretically related to the cost of ownership (maintenance, energy efficiency tied to the date when model energy codes were first introduced, etc.) and therefore mortgage performance. There are currently many hypotheses about mortgage performance related to age of the structure that cannot be tested with existing data that is available to the public. NAHB has been attempting this kind of analysis for decades and is acutely aware that, if any organization has such data, it is not made publicly available.

Therefore, NAHB strongly recommends FHFA add the following two questions to the ASMB, which would fit most logically after question 13 on the draft questionnaire included in the Federal Register notice:

If a single family detached house is/was on the property, how did you buy or acquire it? Did you-

Buy the house already built

Sign a sales agreement that included the land as well as the cost of the building

Have a general contractor build it on your own land (including leased land)

Build it yourself on your own land

Other (specify)_____

About when was the house on this property built?

- 2010 or later
- 2005 to 2009
- 2000 to 2004
- 1990 to 1999
- 1980 to 1989
- 1970 to 1979
- 1960 to 1969
- 1950 to 1959
- 1949 or earlier
- Not sure / Don't know

The above questions are patterned after the ones that have been tested and used successfully by the U.S. Census Bureau in the American Housing Survey (AHS) and American Community Survey (ACS). The questions are important to include in the ASMB so that, critical information about age of the structure can be combined with information not available in the AHS and ACS, particularly on loan performance.

The *Federal Register* notice describes the ultimate NMDB that will be produced from the ASMB and other sources, but is not completely clear on what type of data products will be made available to the public. This is a crucial aspect of the utility of any data collection effort. Because of the breadth of information that the ASMB proposes to collect, especially when combined with other information in the NMDB, it is impossible to fully anticipate the ways the academic community and other private research organizations will want to use the data, and satisfy their needs through a pre-packaged set of tabulations.

Therefore, NAHB recommends that, subject to redacting specific identifiers and other measures required to protect respondent confidentiality, FHFA make data collected in the ASMB and other information in the NMDB available in the form of a public use microdata file.

3. Ways to Minimize the Burden on Survey Respondents

Many respondents, particularly those in select demographic groups, find it easier to respond to surveys that are in electronic formats and can be completed over the internet, using computers or hand held devices. Respondents may be more inclined to complete a survey if they can complete it in stages and go back to it online when convenient.

Automated, electronically based surveys also tend to be more efficient. Mail based surveys are generally more expensive. An automated electronically available survey has the potential to reduce the number of administrative hours dedicated to preparing mass mailings; as well as collecting and recording responses.

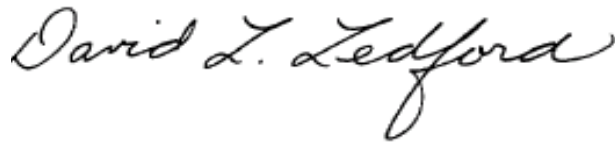
Further, with an electronically available survey, reminders asking persons to complete the survey can be sent out easily. This potentially can increase the response rates at minimal cost. We know that, primarily for the reasons stated above, the US Census Bureau is testing the feasibility of administering the 2020 Decennial Census electronically.

**Federal Housing Finance Agency
Request for Comments
American Survey of Mortgage Borrowers
April 25, 2016
Page 4**

Therefore, NAHB recommends that FHFA investigate the feasibility of administering the survey electronically, in an automated online version, and consult with the U.S. Census Bureau on experience with surveys in this format.

Thank you for your consideration. NAHB greatly appreciates the opportunity to comment on this important data collection effort. If you have questions about NAHB's comments, please contact Paul Emrath, NAHB's Vice President of Survey and Housing Policy Research (202-266-8449, pemrath@nahb.org).

Sincerely,

A handwritten signature in cursive script that reads "David L. Ledford". The signature is written in black ink and is positioned above the typed name and title.

David L. Ledford
Executive Vice President
Housing Finance and Regulatory Affairs



Via Electronic Delivery

April 19, 2016

Kevin Winkler
Chief Information Officer
Federal Housing Finance Agency
400 Seventh ST SW, Eighth Floor
Washington, DC 20219

RE: **American Survey of Mortgage Borrowers – Proposed Collection; Comment Request No. 2016-N-03**

Dear Mr. Winkler:

The Pennsylvania Housing Finance Agency ("PHFA") respectfully submits this letter in response to the request for comments for the information collection known as the "American Survey of Mortgage Borrowers" circulated by the Federal Housing Finance Agency (the "Agency"). Proposed Collection; Comment Request, 81 Fed. Reg. 15707 (March 24, 2016) (the "Comment Request"). The Comment Request specifically requested input on a revised form of survey questionnaire (the "Survey"), which had been previously published in the Federal Register.

The Commonwealth of Pennsylvania created PHFA to provide Pennsylvanians of modest means or with specialized needs access to safe, affordable housing. PHFA is a mission-driven organization, and is accountable to our constituents, to elected officials, and to an uncompensated board of directors. As part of our mission, we provide qualified borrowers with down payment and closing cost assistance, purchase mortgage loans and service more than fifty thousand mortgage loans in house (including loans held in portfolio, loans pooled in Fannie Mae and Ginnie Mae Securities, and loans held by non-profit entities without the capacity or resources to service loans themselves). PHFA also provides funding, training and other resources to its network of housing counseling agencies, serving Pennsylvanians through all stages of home purchase and homeownership.

As a mission-driven investor, mortgage servicer and supporter of housing counseling programs, PHFA provides the Agency with the following comments to the current form of the Survey. The Comment Request states that the Agency will conduct the Survey periodically. It is PHFA's hope that the Agency will commit to conduct the Survey on an annual basis for longer than three years, as continued collection of the Survey will help identify trends in the residential mortgage market. Ideally, the Agency would commit to performing the collection for ten or more years. PHFA also hopes that the Agency will commit to making anonymized data collected through the survey readily and freely available to the public.

INITIAL QUESTIONS

Although the current form of the Survey includes a section on counseling starting with question 40, PHFA respectfully requests reorganization of the Survey to include questions in the initial section to determine whether the recipient participated in a housing counseling program before consummating the mortgage loan on their property. Adding separate questions about home purchase or other early housing counseling will provide valuable data to entities that provide housing counseling services concerning the outcomes and experiences of a sample of borrowers receiving counseling. Separate questions about post-closing counseling should remain in the "Paying on the Mortgage" section of the Survey.

Besides asking about the kind of counseling attended and the timing of the counseling, PHFA would also inquire as to the reason counseling sessions were attended. As an example, the survey could ask, "If you attended counseling, what was your reason?" and include choices such as "I wanted to know more about homeownership," "I wanted to know more about mortgages," "I wanted to know more about credit generally," "I wanted help improving my credit score," "My lender required counseling" and "Other (specify)."

PHFA respectfully requests the Agency consider asking other questions about counseling as well. First, the Survey could ask whether the recipient selected a loan product based on counseling requirements: "If your lender required you to receive counseling to receive a loan, did you or would you: select another lender or loan product which did not require counseling; or, complete the counseling sessions." The Survey could also inquire whether the recipient paid for the counseling sessions. While PHFA provides funding for free counseling, other programs require registration fees. Collecting information about whether individuals paid for counseling and comparing such data with the results reported later in the Survey would be a helpful metric to determine the efficacy of different counseling initiatives.

Many housing finance agencies and non-profit entities provide down payment and closing cost assistance. We therefore respectfully request that the Survey include questions concerning whether the recipient received such assistance. Such data would be incredibly valuable to entities like PHFA to help determine the outcomes and experiences of borrowers receiving assistance grants, loans and other sources funding for down payment or closing costs. A question could ask, "Did you receive any assistance for down payment or closing costs?" with answers including choices such as "Assistance grant," "Assistance loan," "Lender credit," "Seller credit," "Gift from family or friends," "Don't know" and "Other (specify)."

Question 9 asks about features of the mortgage loan. PHFA respectfully requests that the Agency include a prompt to indicate whether the mortgage includes private mortgage insurance, as well as a separate prompt to indicate whether the loan is insured by the Federal Housing Administration ("FHA") or is guaranteed by the U.S. Department of Agriculture ("USDA") or the U.S. Department of Veterans Affairs ("VA").

Although Question 10 asks about satisfaction with the information in mortgage disclosure documents, the Survey does not address the recipient's overall comprehension of the terms of the mortgage loan agreement. For this reason, PHFA respectfully requests that the Agency add a prompt to question 10 to determine the recipient's satisfaction with the "overall understanding you had of the terms of the mortgage transaction."

For Question 17, PHFA respectfully requests that the Agency move the prompt for the response "No longer have the property" above the "Other (specify)" response. Moving all of the checkbox answers above the fill-in-the-blank response will make the Survey easier to understand and will reduce inadvertent, inaccurate answers.

"THE NEIGHBORHOOD" QUESTIONS

In its current form, the Survey asks several questions about the neighborhood in which the mortgaged property is located, including two questions about the desirability of the neighborhood. PHFA respectfully requests that the Survey include questions to determine what makes a neighborhood desirable. For example, a question could ask, "What factors are most important to you in determining the desirability of your neighborhood?" (pick two factors)" and include choices such as "Architectural features," "Artistic and cultural characteristics," "Crime rate," "Density of development," "Distance from neighbors," "Diversity of the community," "Employment opportunities," "Proximity to employment," "Proximity to family," "Proximity to healthcare providers," "Proximity to place of worship," "Quality of schools," "Recreational opportunities," "Walkability" and "Other(specify)."

"PAYING ON THE MORTGAGE" QUESTIONS

In Question 21, the Survey defines "loan servicer" with an appositive phrase. PHFA would revise the question to be two simple sentences: "At any time did the loan servicer of the loan you had in January, 2015, change? The loan servicer is the company to which you send your monthly payments."

In Question 23, the Agency should consider including payment coupon books as a possible response. Not all servicers provide monthly statements to borrowers, and the Consumer Financial Protection Bureau continues to permit the use of coupon books complying with the requirements of Regulation Z. Omitting coupon books as a response to the question may lead to responses underreporting servicer compliance with Regulation Z. The Agency should also consider changing "monthly statement" to "periodic statement," as not all mortgage loan accounts have monthly billing cycles.

Question 24 inquires whether the servicer has contacted the recipient other than to provide regular statements. PHFA would rephrase this question to include other disclosures routinely sent by servicers. The question could ask, "Did this servicer ever contact you other than to provide regular statements or other disclosures about your account?"

For Question 28, PHFA respectfully requests that the Survey include more responses reflecting the industry standard reasons for delinquency reported to investors and insurers. A chart of these standard reasons for delinquency is available from Fannie Mae on its website at: <https://www.fanniemae.com/content/guide/servicing/f/1/32.html>. These reasons should be presented in plain language. As an example, "curtailment of income" could be presented as "less income" and "distant employment transfer" could be presented as "changed cities for my job."

In general, PHFA believes the Survey would benefit from a reorganization of the questions concerning housing counseling. As stated previously, PHFA would move questions concerning counseling which occurred prior to the closing of the mortgage loan to the initial section of the Survey. In Questions 29 and 35, PHFA would add prompts asking whether the recipient contacted a counseling agency and whether the servicer provided the contact information for housing counseling agencies.

After Question 32, PHFA recommends the Agency inquire about the recipients' experience and reaction to various contact attempts. As an example, the Survey could ask, "Did you avoid or ignore phone calls from your servicer?" The Survey could also ask, "When you received written correspondence from your servicer, did you: open the correspondence and reply to the servicer; open the correspondence but not respond; or leave the correspondence unopened?"

In Question 34, PHFA would include other common loss mitigation options, including forbearance plans, regular sales, short sales and deeds-in-lieu of foreclosure to mirror options presented in Question 36.

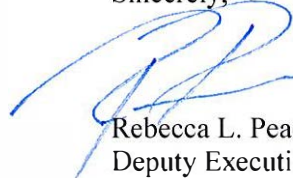
Beginning with Question 40, PHFA would limit this series of questions concerning counseling to the time after the closing of the mortgage loan. This would simplify the Survey's questions, making it more readily understandable to recipients. PHFA would also add foreclosure prevention / default counseling as a category of counseling. In Questions 43 and 44, PHFA would add sub-questions breaking down the time spent and effectiveness of each category of counseling, similar to questions 41 and 42.

In Question 53, PHFA respectfully requests that the length of the term of the new loan also be included as a prompt. This would require relabeling the columns of answers for the loan term to be "Longer," "Same" and "Shorter."

For Question 80, PHFA asks that the question include prompts about insurance and escrow accounts. In PHFA's experience, some borrowers allow lenders to force-place insurance rather than shopping for coverage which would adequately insure their property. In addition, many delinquent borrowers have a limited understanding of how an escrow account works, or how an escrow analysis may affect their monthly payment. Self-reported data on understanding of escrow accounts compared to self reported loan performance on these surveys may therefore be helpful in shaping counseling programs and financial education courses. The Survey could therefore inquire how well the respondent could explain the: "Escrow accounts, escrow analyses and why escrow payments may fluctuate" as well as "Difference between homeowners insurance and force-placed insurance."

Thank you for your time and your consideration of these comments. Please feel free to contact me at (717) 780-3846 if I can answer any questions or provide any additional clarifications regarding these comments or the Survey.

Sincerely,



Rebecca L. Peace
Deputy Executive Director and Chief Counsel