

SUPPORTING STATEMENT
Average Area Purchase Price Safe Harbors and Nationwide Purchase Prices
under section 143
Revenue Procedure 2004-18
OMB Control Number 1545-1877

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Revenue Procedure 2004-18 contains a collection of information requirement in section 4.03. If the FHA revises the FHA loan limit for any statistical area after December 31, 2003, an issuer of qualified mortgage bonds or mortgage credit certificates may use the revised FHA loan limit for that statistical area to compute (as provided in the next sentence) a revised average area purchase price safe harbor for the statistical area provided that the issuer maintains records evidencing the revised FHA loan limit. The revised average area purchase price safe harbor for that statistical area is computed by dividing the revised FHA loan limit by .76.

The purpose of the collection of information is to verify the applicable FHA loan limit that issuers of qualified mortgage bonds and qualified mortgage certificates have used to calculate the average area purchase price for a given statistical area for purposes of section 143(e) and 25(c). The collection of information is required to obtain the benefit of using revisions to FHA loan limits to determine average area purchase prices. The likely respondents are state and local governments.

2. USE OF DATA

The Internal Revenue Service will use the information collected to verify the particular FHA loan limit that an issuer of qualified mortgage bonds or mortgage credit certificates uses to determine average area purchase prices for a metropolitan statistical area.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

There are no plans to provide electronic filing because electronic filing is not appropriate for the collection of information in this submission.

4. EFFORTS TO IDENTIFY DUPLICATION

We have attempted to eliminate duplication within the agency wherever possible.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

There are no small entities affected by this collection.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

The requirement to maintain records FHA loan limits is specifically keyed to the period of time that an issuer of qualified mortgage bonds uses such records to meet statutory requirements for the valid issuance of the mortgage bonds. Any less frequent collection would jeopardize the Internal Revenue Service's ability to validate the propriety of this use.

7. **SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)**

There are no special circumstances requiring data collection to be inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

8. **CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS**

In response to the *Federal Register Notice* dated September 26, 2016 (81 FR 66124), we received no comments during the comment period regarding Revenue Procedure 2004-18.

9. **EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS**

No payment or gift has been provided to any respondents.

10. **ASSURANCE OF CONFIDENTIALITY OF RESPONSES**

Generally, tax returns and tax return information are confidential as required by 26 USC 6103.

11. **JUSTIFICATION OF SENSITIVE QUESTIONS**

There is no personally identifiable information in this collection.

12. **ESTIMATED BURDEN OF INFORMATION COLLECTION**

The revenue procedure in section 4.04 requires issuers of qualified mortgage bonds or mortgage credit certificates to maintain records of the FHA loan limit used to determine average area purchase prices for an MSA if such FHA loan limit is different from the FHA loan limit on which the safe harbors in this revenue procedure are based. We estimate that the total burden for this requirement is 15 hours, based on 60 respondents and .25 hour per representation.

13. **ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

There are no start-up costs associated with this collection.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

There is no annualized cost to the federal government.

15. REASONS FOR CHANGE IN BURDEN

There is no change in the paperwork burden previously approved by OMB. We are making this submission to renew the OMB approval.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis and publication.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the revenue procedure sunset as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions to the certification statement.

Note: The following paragraph applies to all of the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.