

February 14, 2018

Supporting Statement for Paperwork Reduction Act Submissions

OMB Control Number: 1660 - 0086

**Title: National Flood Insurance Program – Mortgage Portfolio
Protection Program (MPPP)**

Form Number(s): None

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.

Federal lenders and federally regulated or sponsored lending institutions may not make, increase, extend, or renew any loan secured by improved real property located in a special flood hazard area (SFHA) unless the building and any personal property securing the loan is covered by flood insurance for the life of the loan. See Flood Disaster Protection Act of 1973 (FDPA) § 102 (Public Law 93-234; 42 U.S.C. 4012a). The Administrator of the Federal Emergency Management Agency (FEMA) carries out the National Flood Insurance Program (NFIP) to enable interested persons to purchase insurance against loss resulting from physical damage to or loss of real or personal property arising from flood in the United States. See National Flood Insurance Act of 1968 (NFIA) (Public Law 90-448, title XIII; 42 U.S.C. 4001 et seq.).

In general, individual mortgagees subject to the requirements of the FDPA obtain and maintain flood insurance for their individual properties. When individual mortgagees do not obtain required flood insurance, the NFIP's Mortgage Portfolio Protection program (MPPP) allows covered lenders to ensure compliance with the requirements of FDPA by selling making available special coverage for the lender's entire mortgage portfolio. See 44 CFR 62.23(l). In order sell MPPP policies, private insurance companies participating in the NFIP's Write Your Own (WYO) Program must apply for and annually renew their election to voluntarily participate in the MPPP. WYO companies participating in the MPPP must provide a detailed implementation package, known as the Mortgage Portfolio Protection Program Agreement, to the lending companies who are requesting insurance coverage and the lender must acknowledge receipt. 44 CFR 62.23(l)(2).

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.

A lending institution that wishes to participate in the MPPP must review the information listed in the Mortgage Portfolio Protection Program Agreement, which includes five addendums. These addendums are 1) the Initial Portfolio Review Mortgagor Notification Process, 2) MPPP Renewal/Expiration Mortgagor Notification Process, 3) Questions and Answers: Portfolio Review Considerations, 4) Questions and Answers: Other Considerations, and 5) Receipt for Materials. The credit analyst must complete and return the Receipt for Materials. This indicates that the respondent has received the material and agrees to comply with the guidelines and requirements contained within this material.

The WYO company will review the Financial Assistance/Subsidy Arrangement, and complete the Notice of Acceptance acknowledgement either agreeing to participate in the MPPP or electing to continue under just the WYO guidelines. This allows FEMA to maintain a list of companies that are participating in the MPPP and can assure that insurance policies written under the MPPP are done so by appropriate WYO companies.

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.

The MPPP Agreement and the Arrangement can both be found online <http://www.fema.gov/library/viewRecord.do?id=3820> and <http://www.fema.gov/library/viewRecord.do?id=4054>). A WYO company can print out the Notice of Acceptance page, sign it, and return it with original signature. Credit

Analysts wishing to obtain insurance coverage through the MPPP will download the Federal Assistance/Subsidy Arrangement, sign the Receipt for Materials, and return it with original signature.

The program office (FIMA) does not have electronic signature capability. The supporting electronic systems and security/assurances to maintain such a system are not presently available to the Agency (FEMA) to sustain this kind of submission. The systems necessary to support the OMB's electronic signature requirement include the following. A Certified and Accredited (C&A) system would be needed; such a system is not within program office control. Within that system the user needs a means to authenticate who is signing that electronic signature and an electronic or digital means to capture that signature. The program office would also need a way to ensure the integrity of the signature is maintained so that in transit no one can alter the signature or the content of the document that was signed. At present, a system needed to meet OMB's requirement and the E-Signature Act of 2000 is not available at FEMA.

FEMA has begun the process that will lead to this collection having electronic systems capability. FEMA has authorized use of electronic signatures for grants work. However, our larger systems and systems used for completing controlled correspondence do not have an electronic signature capability at present.

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.

Without the MPPP, mortgage lenders would not be able to obtain flood insurance on property where the normal flood insurance purchasing process is not followed by the owner of the property, and the lender's interests would not be protected.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

The special circumstances contained in item 7(a) thru (h) in this supporting statement are not applicable to this information collection.

(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.

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 October 24, 2017, 82 FR 49222. FEMA received one anonymous public comment that was not relevant to the information collection. See attached copy of the public comment included in this package.

A 30-day Federal Register Notice inviting public comments was published on February 7, 2018, 83 FR 5447. No comments were received. See attached copy of the published notice included in this package.

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.

The National Flood Insurance Program will routinely meet with a wide range of participants at several insurance trade organization meetings (at least 4 times a year) each year. These trade organization meetings provide a forum for information to be exchanged related to all matters related to insurance. Representative of NFIP also attend lender meetings and other related activities several times each year. From these meetings FEMA learns of methods to better administer its program.

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.

Respondents to this information collection and FEMA meet each year at an annual National Flood Insurance Program conference. This conference provides a forum for comments, questions and concerns to be presented and addressed. The NFIP is able to take the results and improve its customer service. FEMA also accepts comments via telephone at a toll-free number (800) 379-9531.

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 approved by the DHS Privacy Office on November 4, 2013. However, an updated PTA Form has been completed on October 3, 2017 and is still pending review with FEMA/DHS Privacy.

The Privacy Impact Assessment (PIA) is covered under the DHS/FEMA/PIA – 011a National Flood Insurance Program Information Technology System, approved by DHS on October 12, 2012. Additionally, the System of Records Notice (SORN) is covered under DHS/FEMA-003 - National Flood Insurance Program Files, May 19, 2014, 79 FR 28747.

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 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.

It is estimated that 91 sales insurance agents will either acknowledge participation in the MPPP or elect to not participate. It is estimated that reviewing the Financial Assistance/Subsidy Arrangement and completing the Notice of Acceptance acknowledgement will require .5 hours per respondent. The total annual hours burden will be .5 hours times 91 companies = 46 hours.

It is estimated that 250 credit analysts will review the Mortgage Portfolio Protection Program Agreement as part of their analysis and acknowledge receipt of the information through the Receipt for Materials. It is estimated that the review of the material and acknowledgement will require .5 hours per respondent. The total annual hours burden will be .5 hours times 250 lenders = 125 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	Financial Assistance/Subsidy Arrangement Notice of Acceptance / No Form	91	1	91	30 minutes (0.5)	46	\$47.57	\$2,188.22
Business or other for-profit	Mortgage Portfolio Protection Program Agreement Receipt for Materials / No Form	250	1	250	30 minutes (0.5)	125	\$56.97	\$7,121.25
Total		341		341		171		\$9,309.47

- Note: The "Avg. Hourly Wage Rate" for each respondent includes a 1.46 multiplier to reflect a fully-loaded wage rate.

According to the U.S. Department of Labor, Bureau of Labor Statistics website (https://www.bls.gov/oes/2016/may/oes_nat.htm) the wage rate category for Insurance Sales Agents is estimated to be (\$32.58 x 1.46 =) \$47.57 per hour including the wage rate multiplier, therefore, the estimated burden hour cost to respondents Insurance Sales Agents is estimated to be \$2,188.22 annually.¹

41-3021	Insurance Sales Agents	detail	385,700	1.1%	2.747	\$24.03	\$32.58	\$67,760	0.9%
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According to the U.S. Department of Labor, Bureau of Labor Statistics website (https://www.bls.gov/oes/2016/may/oes_nat.htm) the wage rate category for Credit Analyst is estimated to be (\$39.02 x 1.46 =) \$56.97 per hour including the wage rate multiplier, therefore, the estimated burden hour cost to respondents Credit Analyst is estimated to be \$7,121.25 annually.²

13-2041	Credit Analysts	detail	72,930	1.9%	0.519	\$33.62	\$39.02	\$81,160	0.9%
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Estimated total annually is \$9,309.47.

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.

¹ Bureau of Labor Statistics May 2016 National Occupational Employment and Wage Estimates

² Bureau of Labor Statistics May 2016 National Occupational Employment and Wage Estimates

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 [Describe]	
Staff Salaries* 1 of GS 12, step 3 employees in Washington DC spending approximately 10% of time annually reviewing the acknowledgements and verifying ability to participate in MPPP for this data collection - $\$85,035 \times 10\% = \$8,503.50 \times 1.46 = \$12,415.11$; 1 of GS 13, step 3 employees in Washington DC spending approximately 10% of time annually reviewing the acknowledgements and verifying ability to participate in MPPP for this data collection - $\$101,116 \times 10\% = \$10,111.60 \times 1.46 = \$14,762.94 = \$27,178.05$	\$27,178.05
Facilities [cost for renting, overhead, etc. for data collection activity]	
Computer Hardware and Software [cost of equipment annual lifecycle]	
Equipment Maintenance [cost of annual maintenance/service agreements for equipment]	
Travel	
Printing 1000 documents x .29 each (50 copies of the MPPP Agreement to hand out if requested at meetings, etc.).	\$290.00
Postage [annual number of data collection instruments x postage]	
Other	
Total	\$27,468.05

* Note: The "Salary Rate" includes a 1.46 multiplier to reflect a fully-loaded wage rate.

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
Financial Assistance/Subsidy Arrangement Notice of Acceptance / No Form				46	46	0
Mortgage Portfolio Protection Program Agreement Receipt for Materials / No Form				125	125	0
Total(s)				171	171	0

Explain:

There are no changes to the annual hour burden previously reported and there has been no change to the information being collected.

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.