

# Supporting Statement for Paperwork Reduction Act Submissions

## Single Family Mortgage Insurance on Hawaiian Homelands OMB Control Number 2502-0358

### A. Justification

1. FHA insures mortgages on single-family dwellings under provisions of the National Housing Act (12 USC 1709). The Housing and Urban Rural Recovery Act (HURRA), P.L. 98-181, amended the National Housing Act to add Section 247 (12 USC 1715z-12) to permit FHA to insure mortgages for properties located on Hawaiian Homelands. Under this program, the mortgagor must be a native Hawaiian.

Section 247 requires that the Department of Hawaiian Homelands (DHHL) of the State of Hawaii (a) will be a co-mortgagor; (b) guarantees or reimburses the Secretary for any mortgage insurance claim paid in connection with a property on Hawaiian homelands; or (c) offers other security acceptable to the Secretary.

2. Respondents are loan applicants seeking mortgage insurance on Hawaiian Homelands. To be eligible for the program, a borrower must be a native Hawaiian. In accordance with 24 CFR 203.43i, the collection of information is verification that a loan applicant is a native Hawaiian and that the applicant holds a lease on land in a Hawaiian Homelands area. A borrower must obtain verification of eligibility from DHHL and submit it to the lender.

The lender is responsible for reviewing the documents submitted to ascertain that a mortgagor meets all the regulatory requirements. A borrower cannot obtain a loan under these provisions without proof of status as a native Hawaiian. United States citizens living in Hawaii are not eligible for this leasehold program unless they are native Hawaiians. The eligibility document is required to obtain benefits.

In accordance with 24 CFR 203.439(c), lenders must report monthly to HUD and the DHHL on delinquent borrowers and provide documentation to HUD to support that the loss mitigation requirements of 24 CFR 203.604 have been met. This collection of data is cited in 2502-0060.

The DHHL works with these delinquent borrowers in preventing foreclosures by intervening as soon as possible, and so DHHL relies on the delinquency information to assist borrowers in resolving defaults before a situation results in a claim to HUD.

3. Lender delinquency notifications are submitted to HUD electronically every month. All other items are submitted in hard copy. Verification that a loan applicant is a native Hawaiian and the lease issued by the DHHL is both paper processes through the DHHL. FHA requires that these documents be in the loan applicant's case binder. FHA cannot control DHHL's processes for providing this information, however, FHA developed a method whereby lenders will submit case binders electronically. This process lessens the burden of the lender having to mail case binders with copies of the leases and certifications of native Hawaiian eligibility to FHA.
4. This program is unique in nature due to specific requirements for land and eligible borrowers; no duplication occurs and similar information is unavailable.
5. This information collection has no impact on small businesses.

6. To apply for FHA insurance, lenders must collect information to determine borrower eligibility for the program. Borrowers on native Hawaiian lands will be unable to secure FHA insured loans if the information is not collected. To assist the DHHL in identifying delinquent loans, lenders report monthly. If information were collected less frequently, the DHHL would not be able to make appropriate decisions in a timely manner.
7. HUD (2502-0060) and DHHL collect delinquency information monthly on all mortgages. Mortgages are paid monthly and therefore, the delinquency reports are also monthly. If delinquencies were reported only quarterly, a mortgage that went into default before the reporting cycle would be seriously delinquent before the next reporting cycle, and it may be too late for DHHL to intervene and prevent foreclosure.
8. We solicit comments from appropriate personnel in the Santa Ana HOC and the Department of Hawaii Homelands. The agency notice soliciting comments on the previous information collection for OMB #2502-0358 was published in the Federal Register on :Wednesday, March 25, 2015, ( Vol.: 80, No. 57, page No. 15803) No comments were received.
9. There are no payments or gifts to respondents.
10. There are no assurances of confidentiality provided.
11. There are no questions with issues of a sensitive nature.
12. (a) The total number of loans endorsed under this program is on an overall decline from the last reporting in 2011 (241).

Year	No. of Loans Endorsed
2012	310
2013	370
2014	155
2015	1

For calendar years 2012 – 2014, the average total number of cases endorsed under this program is 278. This is a relatively unchanged from the 274 reported on the approval of the last information collection.

- (b) In accordance with 24 CFR 203.43i, the collection of information is verification that a loan applicant is a native Hawaiian and that the applicant holds a lease on land in a Hawaiian Homelands area. In accordance with 24 CFR 203.439(c), lenders must report monthly to HUD (2502-0060) and the DHHL on delinquent borrowers and provide documentation to HUD to support that the loss mitigation requirements of 24 CFR 203.604 have been met. Estimates of public burden over for the calendar year period of January 1 – December 31, 2014 are as follows.

	Number of Respondents	Responses per Respondent	Total Annual Responses	Hours per Response	Total Annual Burden Hours	Cost per Burden Hour	Total Annual Cost
Certification that borrower is a native Hawaiian	155	1	155	.33	51	\$23.00	\$1,176
Copy of lease on land in Hawaiian Homelands area	155	1	155	.03	4.7	\$23.00	107
Notice of Delinquency *	5 (3.2% of cases endorsed under this program)	1	5	.18	1	\$23.00	23
Notice of Default	5	1	5	.50	2.5	\$23.00	58

Totals	160		315		59.2		\$1364
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Notes:

- The notice of default must contain case specific information and is done on each loan individually.
- The \$23/hour cost is based on an average annual salary of \$47,840.
- Notice of Delinquency to DHHL only – Notice of Delinquency to HUD is included in 2502-0060.

The number of defaults has remained constant, but loan volume has drastically decreased. Under the last collection renewal in 2011, approximately 6 notices of defaults were processed. Over the period of January 1, 2014 through December 31, 2014, there were only five cases of defaults recorded. Delinquencies have remained significantly low and constant, primarily due to the reporting requirements which allow DHHL to act quickly with homeowners facing challenges.

Number of Defaults by Year	Count
2012	34
2013	22
2014	5
Average number of defaults	20

13. There are no additional costs to respondents.

14. Costs to the Federal Government:

(Data is based on a period from January 1, - December 31, 2014)

	Total Annual Responses	Hours per Response	Total Annual Burden Hours	Cost per Burden Hour	Total Annual Cost
Notice of Default	5	.50	2.5	\$58.74	\$146

Note: The \$58.74/hour cost is based on a GS-14/5.

15. This is an extension of a currently approved collection. The number of respondents has decreased as lenders have gone out of business in the current mortgage environment, and concurrently the number of HHL loans originated over the past few years has declined.

16. The results of this information collection will not be published.

17. HUD is not seeking approval to avoid displaying the expiration date.

18. There are no exceptions to the certification statement identified in item 19 of the OMB 83-I.

**B. Collections of Information Employing Statistical Methods**

This information collection does not employ statistical methods.