

Supporting Statement for Paperwork Reduction Act Submissions

August 29, 2018

**Title: Single Family Premium Collection Subsystem- Periodic (SFPCS-P)
OMB Control Number: 2502-0536**

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.

The Federal Credit Reform Act of 1990 requires FHA to report case level mortgage insurance premium payment information for each endorsement beginning with FY 1991. Section 24 CFR 203.264 requires mortgagees to pay the periodic mortgage insurance premium (MIP) that is due for insured mortgages on or before the tenth day of each month. Section 24 CFR 203.269 allows the Commissioner to require that the MIP be remitted electronically.

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.

FHA lenders provide the subject information to facilitate electronic transmission of periodic payments of MIP via the Automated Clearing House (ACH) system. Pay.gov processes payments electronically (electronic funds transfer or EFT) through the Automated Clearing House (ACH) using a checking account debit. The Federal Reserve Bank of Cleveland, which maintains the Pay.gov system, is used for the ACH debit. Pay.gov is managed by the Bureau of the Fiscal Service of the U.S. Department of the Treasury.

Case level detail of all MIP payments is submitted when the MIP is paid including information related to underlying loan which is covered by OMB 2502-0059. The mortgagee pays each MIP in twelve equal monthly installments. Each monthly installment is due to the FHA Commissioner no later than the tenth day of each month, beginning in the month in which the mortgagor is required to make the first monthly mortgage payment.

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.

All information is submitted electronically via the Automated Clearing House (ACH). Copies of select screen shots are attached. Data is provided from mortgagee's records through an automated upload process, which electronically confirms record information with HUD\FHA records to validate payment of MIP by mortgagor to mortgagee, and then identifies amount of payment for Treasury to extract from mortgagee. Portions of data used to identify accounts, mortgagors, and properties are already approved under Lender Activities utilizing collection 2502-0005. The data submitted to validate MIP is being requested through this collection.

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.

No duplicate data exists. The data is not available from other sources.

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 burden.

The collection of this information does not impact on small businesses or other small entities. Mortgagors affiliated with these programs are not small businesses, or small entities.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

If the detailed MIP collection data is not gathered, FHA will not be in compliance with the Credit Reform Act and proper funds transmission cannot be accomplished.

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

*** requiring respondents to report information to the agency more often than quarterly;** Mortgagees are required to submit MIP data on a monthly basis when they make their payments through ACH to meet their mortgage insurance contract obligations. 24 CFR § 203.264 Payment of periodic MIP indicates: "The mortgagee shall pay each MIP in twelve equal monthly installments. Each monthly installment shall be due and payable to the Commissioner no later

than the tenth day of each month, beginning in the month in which the mortgagor is required to make the first monthly mortgage payment. This will be effective for amortization beginning on or after September 1, 1996.”

*** requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it; NONE**

*** requiring respondents to submit more than an original and two copies of any document; None**

*** requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years; Industry common practice. Mortgagees must maintain their loan documents, including documents that validate MIP for at least 7 years.**

*** 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; NONE**

*** requiring the use of a statistical data classification that has not been reviewed and approved by OMB; NONE**

*** 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; or NONE**

*** requiring respondents to submit proprietary trade secrets, 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. NONE**

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), 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.

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.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3

years - even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

The agency notice soliciting comments on the information collection was published in the Federal Register as stated below:

A 60-day Federal Register Notice inviting public comments was published on April 27, 2018, 83 FR 18587. No comments were received.

A 30-day Federal Register Notice inviting public comments was published on August 14, 2018, 83 FR 40313. No comments were received.

A copy of both published notices is included in this package.

9. Explain any decision to provide any payment or gift to respondents, other than reenumeration of contractors or grantees.

There are no gifts or any payments to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

No assurance of confidentiality is needed or provided.

11. Provide additional justification for any questions 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 sensitive questions involved in this collection.

12. Provide estimates of the hour burden of the collection of information. The statement should: * Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. 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 desirable. 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. * 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.

Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item.

Respondent Estimated Burden:

Number of respondents varies depending upon lenders holding mortgages requiring periodic insurance premium payments. Participating lenders hold a widely varied number of mortgages; some hold only a few, and some hold well over a million.

All periodic (monthly) mortgage insurance premium payments are sent electronically to HUD, either through the Internet using the FHA Connection or through CPU to CPU batch file transmissions, and processed using Pay.gov, a secure government-wide collection portal managed by the Bureau of the Fiscal Service of the U.S. Department of the Treasury. Pay.gov processes a payment electronically (electronic funds transfer or EFT) through the Automated Clearing House (ACH) using a checking account debit.

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
MIP's	641	12	7,692	.15	1,154	\$26.94	\$31,089

Hourly rate is based on an estimate of the annual salary of lender clerical staff at GS9- Step 1 in Washington DC, \$56,233; \$26.94/hour

13. Provide an estimate for the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

There are no other costs to the respondents.

14. Provide estimates of annualized costs 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 not have been incurred without this collection of information. Agencies may also aggregate cost estimates from Items 12, 13, and 14 in a single table.

Federal Government Costs: None. Salient CGRT is now providing on-going support of the A80B Pay.gov operations at no additional cost. Treasury estimated we saved them \$4 million annually

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.

This is a revision of a currently approved collection. Information on the number of respondents and responses is based on actual HUD data for the past year. As indicated in other areas of this Supporting Statement, the number of MIPs requiring validation varies depending on the number of mortgagees holding loans that require Mortgage Insurance Premium payments. Actual HUD \ FHA data is used to help estimate these numbers.

The amount of respondents changes from year to year because it is based on the number of active FHA lenders.

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.

The results of the 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 that display would be inappropriate.

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

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.

HUD 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.