

Supporting Statement for Paperwork Reduction Act Submissions

Single Family Premium Collection Subsystem-Upfront OMB Control Number 2502-0423

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.

Regulations at 24 CFR 203.259a; 203.280; 203-281; and 203-283 authorize the collection, calculation, and refunds of a one-time mortgage insurance premium (MIP). Lenders use the Single-Family Premium Collection Subsystem-Upfront (SFPCS-U) to remit the upfront premium to obtain mortgage insurance for the homeowner.

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.

SFPCS-U strengthens HUD's ability to manage and process upfront single-family mortgage insurance premium collections and corrections to submit data. It also improves data integrity for the Single-Family Mortgage Insurance Program. FHA approved lenders use Automated Clearing House (ACH) applications for all transmissions with SFPCS-U. The collection of information is used to update HUD's Single-Family Insurance System. The information collection is also used in calculating refunds due to former FHA mortgagors when they apply for homeowner refunds of the unearned portion of the mortgage insurance premium, 24 CFR 203.283, as appropriate. Without this information the premium collection/monitoring process would be severely impeded, and program data would be unreliable. In general, lenders use the ACH applications to remit the upfront premium through SFPCS-U to obtain mortgage insurance for the homeowner.

There is a decrease in the number of lenders as lenders merge into other companies and others opt out of doing FHA business while the numbers of refinances have increased due to the low interest rates.

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.

Pay.gov was developed to meet the commitment of the United States federal government and the U.S. Department of the Treasury's Financial Management Service to process collections electronically using Internet technologies. Pay.gov satisfies the demands of agencies and consumers for electronic alternatives by providing the ability to complete forms, make payments, and submit queries 24 hours a day electronically. This modification of the existing process was made in response to the Department of the Treasury's mandate for all agencies to switch from their current lockbox services to Treasury's Pay.gov collection service.

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.

There is no impact on small businesses or other 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.

The information collection is required of the remitting mortgagee and shall accompany all upfront payments sent to HUD through ACH and collected and reported by SFPCS-U. If this information collection is not conducted or is conducted less frequently, the consequence to the single-family mortgage insurance program is that incomplete and/or inaccurate data may delay endorsement of the FHA case involved.

Mortgagees are required by 24 CFR 203.280 to provide the required information when the upfront mortgage insurance premium is due to the Department, which is the time of settlement when the FHA mortgage closes.

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; Lenders/Respondents must remit payment each time they wish to endorse a case. Waiting up to three months (a quarter) to endorse a case would delay the endorsement of each case.

- * requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it; Lenders/Respondents are not required to prepare a written response to a collection of information in fewer than 30 days after receipt.

- * requiring respondents to submit more than an original and two copies of any document; * requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years; Lenders/Respondents are not required to submit more than an original and two copies of any document.

- * 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; Lenders/Respondents are not required to participate in statistical studies.

- * requiring the use of a statistical data classification that has not been reviewed and approved by OMB; Lenders/Respondents are not required to use statistical data classification.

* 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

Lenders/Respondents are not required to make a pledge of confidentiality that is not supported by authority established in statute or regulation.

* 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.

Lenders/Respondents are not required to submit proprietary trade secrets or confidential information.

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.

In accordance with 5 CFR 1320.8(d), this information collection soliciting public comments was announced in the *Federal Register* on: Wednesday, May 22, 2019 (Volume 84, Number 99, Page 23580). No comments were received.

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

No gift or payment is provided to respondents.

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

Confidentiality is not an issue for the data involved.

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.

No questions of a sensitive nature are involved.

12. Provide estimates of the hour burden of the collection of information. The statement should:

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	3,153	8.79	27,714.87	.15	4,157.23	\$24.00	\$99,773.52

Hourly rate is based on an estimate of the annual salary of the lender's clerical staff at \$51,840.

* 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 13.

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 additional costs to the respondents.

* The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the 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. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.

* If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collections services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.

* Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

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.

There are no additional costs to the respondents.

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. There is an increase in the number of lenders to account for all FHA-approved lenders. Additionally, there has been growth in the number of refinance loans due to the lower interest rates. HUD has decreased its estimate of burden hours per response because the transactions are all electronic.

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 collected 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.

We are 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.

There are no exceptions to the certification statement identified in item 19.