

Department of the Treasury, Departmental Offices
Supporting Statement and Request for Clearance
Troubled Asset Relief Program – Making Home Affordable Participants

1. Circumstances necessitating the collection of information

Authorized under the Emergency Economic Stabilization Act (EESA) of 2008 (Public Law 110-343), the Department of the Treasury has implemented several aspects of the Troubled Asset Relief Program (TARP). Among these components is a voluntary foreclosure prevention program – the Making Home Affordable (MHA) program, under which the Department uses TARP capital to lower the mortgage payments of qualifying borrowers. The Treasury does this through agreements with mortgage servicers (Servicer Participation Agreements, or SPAs) to modify loans on their systems. Pursuant to the Consolidated Appropriations Act, 2016 (P.L. 114-113), the MHA program terminated on December 31, 2016, except with respect to certain loan modification applications made before such date. The MHA program has several subcomponents: HAMP (Home Affordable Modification Program), 2MP (Second Lien Modification Program), HAFA (Home Affordable Foreclosure Alternatives) and FHA (Federal Housing Administration)/RD (Rural Development) HAMP. Depending upon the subcomponent program, servicer, investor, and borrower incentives are paid for a period of up to a maximum of six years as long the modification remains in good standing (has not missed three consecutive payments).

2. Use of the data

The information is used to, ensure that the servicers can be paid for the loan modifications that they have completed, check for compliance and report out on the performance of completed modifications. Data is expected to be collected until all eligible modifications receive their last payment.

3. Use of information technology

Data will be collected in a number of formats. Most loan-level data will come into Fannie Mae (The Department of the Treasury's agent) in the form of a business-to-business data feed. Some supplemental data is provided via electronic transmission (e.g. Excel workbook) and will be transmitted through email or a web interface.

4. Efforts to identify duplication

The information that is collected has some overlap with similar data collected for other purposes (e.g. OCC collects monthly data to produce the Mortgage Metrics Report). Where possible this effort will use the same formats, definitions and fields.

5. Impact on small entities

As this is a voluntary program, participating servicers must establish controlled processes for data collection and transmission, and must take into account the burden to do so. In addition, there might be multiple delivery methods for smaller institutions that may lack the overall systems to send through an automated data feed. However, small institutions may not be subject to the burden of complicated system builds in order to accommodate program changes, potentially due to a less complicated IT infrastructure.

6. Consequences of less frequent collection and obstacles to burden reduction

If the information is not collected on a monthly basis, Treasury will not be able to pay the servicers for the modifications that they completed, and perform other programmatic activities, on a monthly basis.

7. Circumstances requiring special information collection

As noted above, the information must be collected monthly so that Treasury can pay the servicers for the modifications that they completed, and perform other programmatic activities, on a monthly basis.

8. Solicitation of comments on information collection

Treasury officials have consulted with the federal banking agencies, Freddie Mac, Fannie Mae, FHFA, HUD, and numerous servicers of all sizes to get feedback on data items for the collection. In addition, Treasury has gotten feedback from consumer advocacy groups concerning potential data fields they would like to see.

A notice soliciting public comments was published in the *Federal Register* on October 28, 2019 at 84 FR 57810, and no comments were received.

9. Provision of payments to recordkeepers

Fannie Mae is acting as the agent of Treasury for the collection of the data. They are performing other functions as well, and will receive payment for the totality of their work on behalf of the Department of the Treasury.

10. Assurance of confidentiality

The information collected will contain personal identification information. As part of the data collection effort, Treasury completed a Privacy Impact Assessment (PIA) to help ensure privacy protection features of the databases and transmission systems comply with all Federal privacy and consumer protection laws.

11. Justification of sensitive questions

There are no sensitive questions.

12. Estimated burden of information collection

The burden on all participating servicers varies significantly, and has been dependent on a number of factors for each servicer, including IT infrastructure complexity, volume of program participation, participation in additional program schedules (e.g. 2MP), etc. Some small servicers have been released from their SPAs based on an assessment of their program burden(s) relative to the borrower benefits being offered.

A sample of larger servicers indicated that the information collection may require an average of 187.5 hours per month. A sample of smaller servicers revealed that they may need the equivalent of one person’s partial working day (2 hours) per month to produce this information. However, due to the termination of the program at the end of 2016, the annual burden is expected to be estimated over the next three years as follows:

Larger Servicers

Year	Respondents	# Annual Responses Per Respondent	Est. Annual Responses	Hours Per Response	Total Annual Burden (Hours)	Total Annual Labor Costs ¹
1	20	12	240	187.5	45,000	\$3,124,350
2	20	12	240	187.5	45,000	\$3,124,350
3	20	12	240	187.5	45,000	\$3,124,350

Total estimated three year burden: 135,000
 Total estimated hours per response: 187.5

Estimated at 187.5 hours per response, the estimated average total annual burden for larger servicers is 45,000 hours.

Smaller Servicers

Year	Respondents	# Annual Responses Per Respondent	Est. Annual Responses	Hours Per Response	Total Annual Burden (Hours)	Total Annual Labor Costs
1	120	12	1440	2	2,880	\$199,959
2	120	12	1440	2	2,880	\$199,959
3	120	12	1440	2	2,880	\$199,959

Total estimated three year burden: 2,880
 Average estimated hours per response: 2

¹ Wage rate calculated by taking the mean wage for “Financial Analysts” of \$48.55/hour and increasing it by 43% to account for the total employer cost of compensation (incl. benefits, taxes and overhead). The resulting fully-loaded wage rate is \$69.43. Wage data taken from the Bureau of Labor Statistics, “Occupational Employment Statistics, May 2018.” <https://www.bls.gov/oes/current/oes132051.htm>

Estimated at 2 hours per response, the estimated average total annual burden for smaller servicers is 2,880 hours.

Combined

The total estimated average annual burden for all respondents is 47,880 hours and \$3,324,309.

13. Estimated total annual cost burden to respondents

Most participating servicers have modified their current loan reporting systems to participate in the program, and continue to make adjustments as needed. This is a time- and resource-consuming process. However, as servicers are being paid for each loan modification that they undertake, the costs are at least partially offset.

14. Estimated cost to the federal government.

There is no estimated cost to the federal government to receive this information, other than with respect to ongoing maintenance of related information systems.

15. Reasons for change in burden

The estimated annual burden has been updated to reflect the program termination eliminating the addition of new modifications being reported. Servicers are only required to report performance data elements, transfers of servicing and make any necessary corrections to existing data.

16. Plans for tabulation, statistical analysis and publication

The Treasury Department conducts numerous types of analysis on these data. These analyses will include assessments of the effectiveness of the program (e.g. volume, effectiveness, performance) as well as servicer compliance with program requirements. Some of these analyses will be made available on FinancialStability.gov. In addition, a loan-level data set of MHA programs is provided on a monthly basis as mandated by Dodd-Frank section 1483 via the same Treasury web site, modified for privacy and other concerns.

17. Reasons why displaying the OMB expiration date is inappropriate

Display of the OMB expiration date will create confusion because, under EESA, this program has a limited duration.

18. Exceptions to certification requirement

Regarding this request for OMB approval, there are no exceptions to the certification statement.