

Supporting Statement for Paperwork Reduction Act Submissions

Mortgage Insurance Termination; Application for Premium Refund or Distributive Share 2502-0414

HUD-27050-A and HUD-27050-B

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.

Insurance of mortgages is authorized under 12 U.S.C. 1709. Payment of insurance claims is authorized under 12 U.S.C. 1710. The information collection for the Mortgage Insurance Termination is used by Federal Housing Administration (FHA) approved mortgages to comply with HUD requirements for reporting the termination of FHA mortgage insurance on single family dwellings (24 CFR 203.318). The form HUD-27050-A is now collected electronically through Electronic Data Interchange and via FHA Connection. The Application for Premium Refund or Distributive Share Payment is used by former FHA mortgagors to apply for homeowner refunds of the unearned portion of the mortgage insurance premium or a distributive share payment (24 CFR 203.423, 24 CFR 203.283, and 24 CFR 203.284). This is a system generated form that is mailed to eligible homeowners. There are no copies of blank forms available to the public.

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.

The information collected by forms HUD-27050-A and HUD-27050-B is used by servicing mortgagees to comply with HUD requirements for reporting the termination of FHA mortgage insurance. This information collection is used whenever FHA mortgage insurance is terminated and no claim for insurance benefits will be filed. Under the streamline III program, the information can be used to directly pay eligible homeowners. This condition occurs when the data passes the criteria of certain system edits. As a result, the system generates a disbursement to the eligible homeowner for a refund consisting of the unused portion of the paid premium. The information collected is used to update HUD's Single Family Insurance System. The billing of mortgage insurance premiums is discontinued as a result of this transaction. Without this information the premium collection/monitoring function would be severely impeded and program data would be unreliable. The information collection for Application for Premium Refund or Distributive Share is used to disburse refunds to eligible homeowners. Under

streamline III, when the data is processed but does not pass the series of edits, the system generates a form HUD-27050-B to the homeowner to be completed and returned to HUD for further processing for a premium refund or distributive share. In general, a premium refund is the difference between the amount of prepaid premium and the amount of the premium that has been earned by HUD up to the time the mortgage is terminated. A distributive share payment is a dividend of the Mutual Mortgage Insurance Fund operated by HUD/FHA and may be payable when the FHA insurance is terminated depending on the age of the mortgage and other eligibility conditions.

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.

In previous fiscal years, lenders submitted Mortgage Insurance Termination information to HUD using the form HUD-27050-A. This form is no longer in use; however, the information collection is still in effect. Today this information is submitted electronically to HUD from lenders via Electronic Data Interchange (EDI) and via the Internet through FHA Connection in order to reduce the reporting burden for the submission of termination information. Homeowners are still required to use the source document form HUD 27050-B. The Single Family Insurance Operations Division has submitted a Business Needs for FY2022 to request development funding for a system enhancement for the A80D Distributive Shares and Premium Refund Subsystem. The Business Needs requests funding in order to implement a web-based Part B form which would provide internet access to the Part B form for homeowners.

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 other duplicate data exists. There is not other available data that can be used or modified for the required purpose.

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 information does not impact small businesses or other small entities, as they are not respondents.

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.

Current guidelines for servicing procedures give the mortgagee 15 days from the date of termination of FHA mortgage insurance; and if there has been no claim for insurance benefits, to provide the required data. Any further delay in providing the data at the time of termination would further erode the reliability and effectiveness of the program functions, which depend on

timely reporting of the termination of the mortgage insurance contract. Less frequent responses would delay HUD's ability to refund to the mortgagor all the unearned mortgage insurance premiums or pay the mortgagor a distributive share.

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 provide the specified information within 15 days of the date of termination of the FHA mortgage insurance. The respondents are not required to report information to HUD more often than quarterly.

- * requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;

There are no special circumstances that would cause any information collection to be conducted in a manner requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it.

- * requiring respondents to submit more than an original and two copies of any document;

The respondents are not required 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;

The respondents are not required to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than seven 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;

There are no special circumstances that would cause any information collection to be conducted in a manner that is 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.

- * requiring the use of a statistical data classification that has not been reviewed and approved by OMB;

There are no special circumstances that would cause any information collection to be conducted in a manner requiring the use of a statistical data classification that has not been reviewed and approved by OMB.

- * 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

There are no special circumstances that would cause any information collection to be conducted in a manner 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.

* 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.

There are no special circumstances that would cause any information collection to be conducted in a manner 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.

8. If applicable, provide a copy and identify the date and page number of publications 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 for OMB #2502-0414 was published in the Federal Register on Thursday, October 31, 2019 – (Vol 84, No. 211, Page 58408). 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.

Homeowner information collected on the form HUD-27050-B is covered by the Freedom of Information Act, and unpaid case data is available to the public by court order 2 years after the case has been terminated.

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.

This form contains no questions of a sensitive nature.

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 13.

Estimate of the Public Burden

Information Collection	Number of Respondents	Frequency of Response	Total Annual Responses	Hours Per Response	Total Annual Hours	Hourly Cost*	Total Annual Cost
Mortgage Insurance Termination HUD-27050-A	6,000	Varies	675,000	.08	54,000	\$24.98	\$1,348,920
Application for Premium Refund or Distributive Share HUD-27050-B	20,000	1	20,000	.25	5,000	\$24.98	\$124,900
Totals	26,000		695,000		59,000		\$1,473,820

*Hourly cost was pulled from https://www.bls.gov/oes/current/oes_nat.htm using the mean hourly wage for all occupations.

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).

* 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.

There are no additional 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.

Costs to the Federal Government:

Information Collection	Total Annual Responses	Hours Per Response	Total Annual Hours	Hourly Cost	Total Annual Cost
Mortgage Insurance Termination HUD-27050-A	675,000	.03	20,250	\$40.09	\$811,823
Application for Premium Refund or Distributive Share HUD-27050-B	20,000	.08	1,600	\$40.09	\$64,144
Totals	695,000		21,850		\$875,967

Hourly cost is based on estimated annual salary of \$83,398 for GS-12 employees.

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. The decrease in the estimated numbers of respondents, responses, burden hours, and costs reflects the decrease in FHA loan activity in recent years. Previously, the decrease in interest rates cause larger numbers of homeowners to refinance their existing loans to reduce their monthly mortgage payments. With the recent stabilization of interest rates, fewer homeowners are refinancing.

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 from both forms will not be published. The time schedule of the project is ongoing and will remain ongoing as long as the homeowner refund program is active.

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 for the OMB approval.

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 of the OMB 83-I.

B. Collections of Information Employing Statistical Methods

The collection of information does not employ any statistical methods.