

**Supporting Statement for Paperwork Reduction Act Submissions
(Ginnie Mae Digital Collateral Program)
(OMB# 2503-New)**

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.**

Ginnie Mae is a wholly owned corporation of the United States within the Department of Housing and Urban Development (HUD). Its powers are prescribed generally by Title III of the National Housing Act, as amended, 12 U.S.C. 1716 et. seq. Ginnie Mae is authorized by Section 306(g) of the National Housing Act to guarantee the timely payment of principal and interest on Mortgage-Backed Securities (MBS) secured by government home loans. These loans are insured or guaranteed by the Federal Housing Administration FHA, the Office of Public and Indian Housing (PIH), the U.S. Department of Veterans Affairs' (VA) Home Loan Program for Veterans, the U.S. Department of Agriculture's (USDA). Rural Development Housing, Single Family Housing Guaranteed Loan Program (RD). Ginnie Mae remains a self-financing, wholly owned U.S. Government Corporation within HUD. Ginnie Mae's guaranty of mortgage-backed securities is backed by the full faith and credit of the United States. The information being collected is necessary for Ginnie Mae to be able to properly administer its Mortgage-Backed Securities programs.

Ginnie Mae seeks emergency approval to collect data on 3 new forms to support expanding its Digital Collateral Program (Program) beyond the current pilot (less than 10 participants).

- 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.**

Ginnie Mae's Digital Collateral Program provides for the securitization of mortgages where the Note is an eligible eNote. The key documents are referred to as eNotes and eMortgages, and in common parlance, the loans themselves are referred to as eMortgages. The Program will be available to Issuers approved to issue Ginnie Mae Single Family MBS (both Ginnie Mae I and II MBS) and Ginnie Mae approved Document Custodians. The forms in this request are new forms that are necessary due to the unique requirements of managing eNotes and eMortgages. It is necessary for Ginnie Mae to obtain the information contained in the eIssuer and eCustodian applications to ensure they have the specialized knowledge and technological capability to issue and service Ginnie Mae MBS backed by eNotes and eMortgages. Additionally, due to the unique nature of an eNote, the Request for Release of Secured Party is needed to ensure proper possession and ownership of the eNote at all times.

The following describes how, by whom, how frequently, and for what purpose the information is to be used. The forms are available in a PDF fillable format unless stated otherwise on our website at www.ginniemae.gov.

Forms Required for Approval to Participate in the Ginnie Mae Digital Collateral Program

Appendix V-08 eIssuer Application to Participate in Digital Collateral Program

The application form will be used one time per Issuer who opts to participate in Ginnie Mae's eMortgage program and issue Ginnie Mae MBS backed by eNotes and eMortgages. The purpose is similar to the HUD 11701—Application for Approval Ginnie Mae Mortgage-Backed Securities Issuer, but the information needed differs. As the applicant is required to be an approved Ginnie Mae Single Family Issuer, the eIssuer application form collects only the information needed to evaluate the applicant's fitness to participate in the eMortgage program specifically, including eligible vendors, current production and eNote experience, knowledgeable personnel, systems, processes and procedures. The information on the form is required by 24 CFR Part 202 and Section 306(g) of the National Housing Act, or by HUD Handbook 5500.3 REV-1. The form takes approximately thirty (30) minutes for the applicant to review the instructions and complete.

Appendix V-09 eCustodian Application to Participate in Digital Collateral Program

The application form will be used one time per Document Custodian who opts to participate in the eMortgage program and safeguard the collateral for Ginnie Mae MBS backed by eNotes and eMortgages. As the applicant is required to be an approved Ginnie Mae Document Custodian, the eCustodian application form collects only the information needed to evaluate the applicant's fitness to participate in the Digital Collateral program specifically, including eligible vendors, eNote experience, knowledgeable personnel, systems, processes and procedures. The information on the form is required by 24 CFR Part 202 and Section 306(g) of the National Housing Act, or by HUD Handbook 5500.3 REV-1. The form takes approximately thirty (30) minutes for the applicant to review the instructions and complete.

Form Required for Ginnie Mae's Pools backed by Digital Collateral Administration

Request for Release of Secured Party

This form is required when an eMortgage is removed from a Ginnie Mae MBS for reasons authorized by the MBS Guide. For eNotes, the security interest must be released in the MERS eRegistry to complete the process, and this form collects the data necessary for Ginnie Mae to efficiently complete the release of the security interest on the MERS eRegistry, which enables Issuers to proceed in effectively servicing the loans on behalf of borrowers. The information on the form is required by 24 CFR Part 202 and Section 306(g) of the National Housing Act, or by HUD Handbook 5500.3 REV-1. The form takes approximately three (3) minutes for the Issuer to complete.

- 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.**

The Application forms and Request for Release of Secured Party are completed electronically utilizing a fillable PDF form and can be emailed to DCPA@hud.gov for processing. For the Release of Secured Party form, if the eIssuer has multiple loans requiring release at the same time, a computer-generated list, that contains the same information as requested by the form, may be attached in lieu of listing them on the form itself. Nonetheless, the Issuer must complete the Issuer information and required signature on the form.

- 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.**

Applicants must already be approved to participate in Ginnie Mae's Single Family MBS program. Because Ginnie Mae already has the participants basic information, the data collected on the eIssuer and eCustodian applications are specific to the technological and business requirements needed to successfully issue and service Ginnie Mae MBS backed by eNotes and eMortgages, as well as safeguarding such collateral. The forms do not request any information that Ginnie Mae otherwise has collected to avoid excess burden and duplication.

The Request for Release of Secured Party is similar to the HUD-11708 that is already approved. It collects only the information necessary to identify the loan(s) and release the secured party interest in the MERS eRegistry.

- 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 significant impact on small businesses or entities through the collection of the information. The forms are designed to minimize burden, and Ginnie Mae is continually reviewing its forms and processes to see how they can be streamlined to further minimize burden.

- 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.**

Ginnie Mae is a wholly owned corporation of the United States within the Department of Housing and Urban Development whose guaranty of mortgage-backed securities is back by the full faith and credit of the United States Government. As such, the information required from issuers is necessary for Ginnie Mae to issue mortgage-backed securities as each security is unique and determined by the information provided on the forms received from the issuers. This collection permits Ginnie Mae to verify: 1) that eIssuers and eMortgages have the specialized knowledge and experience to participate; 2) that eIssuers and eCustodians have the technological capability to service eMortgages and safeguard eMortgage documents; 3) the name and location of the entities responsible for the various Ginnie Mae accounts and eMortgage documents, and 4) those entities that are responsible for servicing the eMortgages that back the Ginnie Mae pools. Ginnie Mae needs this information to mitigate risk and evaluate its business operations, procedures and programs, and assist lenders in processing borrower requests more efficiently. Ginnie Mae also requires the collection of information to ensure that there are no deficiencies, which could affect the pass through of securities to its investors.

Concurrently, Ginnie Mae must be able to manage the risk to its program presented by counterparty strength and market conditions. Currently, the necessary volume and breadth of participation is not sufficient to support a liquid and viable market for the mortgage servicing rights (MSRs) associated with Ginnie Mae MBS backed by eNotes and eMortgages due to the limitations of the pilot. MSRs are a significant asset on Ginnie Mae's participants' balance sheets. Inability to effectively manage them could cause a participant to suffer a financial impairment, or cause a participant to default on its obligations, and expose Ginnie Mae to losses. Ginnie Mae has met the goals of the pilot, has determined it is ready to open the Digital Collateral program to additional participants, and has determined it is necessary to do so as quickly as possible to bring the additional liquidity to the market, and avoid loss exposure to Ginnie Mae.

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 than quarterly;**
 - The Request for Release of Secured Party will be required any time an eMortgage is removed from the MBS. The frequency will vary depending on how the participant manages its eNote and eMortgage servicing.
 - **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
 - Not applicable, there is no time limit for completing the application forms, and the Request for Release of Secured Party is transactional in nature. It is completed based on the Issuers servicing activities. For example, if the borrower is delinquent and requests a loan modification, the Issuer must remove the loan from the MBS first, before the loan modification can be completed. Thus a Request for Release of Secured Party would be required to complete the release.
 - **requiring respondents to submit more than an original and two copies of any document;**
 - Not applicable.
 - **requiring respondents to retain records other than health, medical, government contract, grant-in-aid, or tax records for more than three years;**
 - Not applicable.

- **in connection with a statistical survey, that is not designed to produce valid and reliable results than can be generalized to the universe of study;**
 - Not applicable.
- **requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**
 - Not applicable.
- **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**
 - Not applicable.
- **requiring respondents to submit proprietary trade secret, 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.**
 - Not Applicable.

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.**

Hud is seeking publication in the Federal Register for seven days for public comment.

- **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 the data elements to be recorded, disclosed, or reported.**
 - Ginnie Mae meets with its business partners on an ongoing basis, both formally and informally. Arenas include the Mortgage Bankers Association's Ginnie Mae Liaison Committee meetings which are held three times a year, regular Issuer training sessions, Document Custodian outreach, and on-site Issuer field visits performed by Ginnie Mae Account Executives. Ginnie Mae also communicates regularly with pilot participants obtaining feedback and suggestions for improving the Digital Collateral Program.
- **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 preclude consultation in a specific situation. These circumstances should be explained.**
 - As detailed above, Ginnie Mae regularly consults with its business partners formally and informally multiple times a year.

9. **Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.**
- There are no payments or gifts other than remuneration of contractors or grantees.
10. **Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation or agency policy.**
- The forms comply with the Privacy Act. The information collected contains no personal or organizational identifiers. Assurance of confidentiality is neither provided nor needed for any of these information collections. Personal identifiable information is covered under the Privacy Act of 1974 (U.S.C. 552)
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.**
- The information collected contains no questions of a sensitive nature, therefore, no justification is required.
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 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; and**
 - **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.**

There are three forms included with this submission. If there are more than 10 respondents, the collection will be PRA compliant.

The calculations for the eIssuer and eCustodian applications are based on the estimated number of respondents multiplied by the frequency of response. The calculation for the Request for Release of Secured Party is based on volume. Ginnie Mae has 322 approved Issuers, not all of them are actively pooling, and not all of them will choose to issue MBS backed by eMortgages and service those eMortgages. We have some program participants that issue only a few pools and others that issue hundreds. Due to the technological requirements and specialized expertise required to issue and service Ginnie Mae MBS backed by eMortgages, we estimate that the number of additional participants will be 20 per year. Ginnie Mae has 27 approved Document Custodians, and for the same reasons as for Issuers, we estimate that the annual number of e Custodian applications will be five (5).

The calculation of the Request for Release of Secured Party is based on an estimated volume.

The average hourly cost is \$32 per hour, which we arrived at by using the average hourly cost used for Collection 2503-0033 and increasing by 10% (rounded to the nearest dollar) to reflect inflation. The cost to respondents is based on the average hourly wages of mortgage industry employees to review, collect and submit the information to Ginnie Mae or its agent.

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
eIssuer Application (HUD11701A)	20	1	20	.5	10	\$32	\$320
eCustodian Application (HUD 11071B)	5	1	5	.5	2.5	\$32	\$80
Request for Release of Secured Party (HUD 11708 SI)	300	1	300	.05	15	\$32	\$480
Total	Varies	1	325	Varies	27.5	\$32	\$880

13. **Provide an estimate of 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 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 collection 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 respondents.

14. Provide estimates of annualized cost 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 also may aggregate cost estimates from Items 12, 13, and 14 in a single table.

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response *	Annual Cost
eIssuer Application	20	1	20	1	20	\$78.26	\$1,565.20
eCustodian Application	5	1	5	1	5	\$78.26	\$391.30
Request for Release of Secured Party	Est. Volume 300	1	300	.05	15	\$78.26	\$1,173.90
Totals	Varies	1	325	Varies	40		\$3,130.40

*Hourly cost based on a GS-15, Step 4 employee salary, rounded to the nearest dollar

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

16. **For collection 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.**
 - Not Applicable.
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.**
 - Not Applicable.
18. **Explain each exception to the certification statement identified in item 19.**
 - Ginnie Mae is not requesting an exception to the certification statement identified in item 19.

B. Collections of Information Employing Statistical Methods