

## Supporting Statement for Paperwork Reduction Act Submissions

### INFORMED CONSUMER CHOICE DISCLOSURE AND APPLICATION FOR HUD/FHA INSURED MORTGAGE FORMS HUD-92900-A, HUD-92900-B, HUD-92900-LT, HUD-92544, HUD-92561, Model Notice Informed Consumer Choice Disclosure, Model Pre-Insurance Review Checklist for Lender Insurance Settlement Certification (OMB No. 2502-0059)

#### 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.**

This is a revision of a currently approved collection, to reflect information being collected for properties in a flood zone and documentation requirements for refinance mortgages with a Partial Claim (see Item 2(o-p) below). The Partial Claim program for servicing FHA insured mortgages is covered in OMB Control Number 2502-0589.

This information collection clearance package seeks to renew the OMB approval of 2502-0059. Section 203 of the National Housing Act (P.L. 479, 48 Stat. 1246, 12 U.S.C. 1702 et seq.) authorizes the Secretary of HUD, upon application by the lender, to insure mortgages offered to him, which are eligible for insurance. Regulations codified at 24 CFR 203.1 through 203.681 detail the requirements pertinent to HUD's single family mortgage insurance programs, i.e., the eligibility requirements and underwriting procedures, which are determined by the documents included in this clearance package. Section 225(a) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1999 (HUD FY 1999 Appropriations Act) (Pub.L. No. 105-276; 112 Stat. 2461, approved October 21, 1998) amended section 203(b)(2) to the National Housing Act to add at the end of this section the following language:

“In conjunction with any loan insured under this section, an original lender shall provide to each prospective borrower a disclosure notice that provides a one page analysis of mortgage products offered by that lender and for which the borrower would qualify. This notice shall include: (i) a generic analysis comparing note rate (and associated interest payments), insurance premiums, and other costs and fees that would be due over the life of the loan for a loan insured by the Secretary under this subsection with note rates, insurance premiums (if applicable), and other costs and fees that would be expected to be due if the mortgagor obtained instead other mortgage products offered by the lender and for which the borrower would qualify with similar loan-to-value ratio in connection with a conventional mortgage, assuming prevailing interest rates; and (ii) a statement regarding when the mortgagor's requirement to pay mortgage insurance premiums for a mortgage insured under this section would terminate or a statement that the requirement will terminate only if the mortgage is refinanced, paid off, or otherwise terminated.”

Regulations at 24 CFR Part 203 entitled “Mutual Mortgage Insurance and Rehabilitation Loans” specify the requirements for making application and obtaining loan approval of a HUD-insured mortgage loan. The Uniform Residential Loan Application (URLA) was created by Fannie Mae and Freddie Mac, and its use for mortgage applications is standardized throughout the mortgage industry. The URLA also includes the Fannie Mae/Freddie Mac Form 1103, Supplemental Consumer Information Form (SCIF). FHA's addendum form HUD-92900-A is combined with the URLA to constitute FHA's “standard application form” called for at 24 CFR 203.255 of the regulations. Every mortgage application for insurance is used to determine eligibility in three general areas: (1) the proposed loan under the statute, i.e.,

term, mortgage amount, and ratios of loan-to-value or replacement cost; (2) the property with respect to compliance with HUD/FHA statutory and regulatory requirements; (3) and the proposed mortgage debt, including the borrower's ability to repay. FHA relies on the information provided to determine eligibility of the mortgage for FHA's insurance endorsement.

Without the information provided by forms URLA, HUD-92900-A, HUD-92900-B, HUD-92544, and HUD-92900-LT, HUD would have difficulty in determining eligibility and, consequently, the insurance fund for the single-family mortgage insurance programs would be placed in jeopardy. The information in the Informed Consumer Choice Notice is used by prospective mortgagees to disclose if mortgage products, other than FHA mortgage insurance for which the mortgagor qualifies, result in lower costs to the mortgagor over the life of the mortgage. The Model Pre-Insurance Review is used by mortgagees participating in the Lender Insurance program to determine if the loan meets HUD's requirements for FHA insurance.

This PRA submission includes a slight update of legal wording on 3 HUD forms. The forms updated are: HUD-92900-A, HUD-92544, and HUD-92561, further described in item #2 below. The updated wording concerns for a warning and perjury, such as: I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct. WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012, 1014; 31 U.S.C. §3729, 3802)." This update was requested by OIG during HUD's clearance review. There are no burdens hours or cost associated with this update.

**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.**

Lenders obtain information from borrowers in the normal course of business. HUD does not ascribe burden hours to information provided by borrowers. Lenders then report information to FHA for the purpose of obtaining mortgage insurance. While borrowers must meet certain requirements established by FHA to qualify for the insurance, lenders bear less risk because FHA will pay the lender if a homeowner defaults on his or her loan.

The specific items of this information collection are as follows:

- a. The URLA and **form HUD-92900-A** (Addendum to a URLA) are used in every case by the lender to make application for FHA mortgage insurance. Together they describe the parties involved, the property, and the conditions and terms on which the mortgage insurance will be based. HUD does not ascribe burden hours for the URLA because usage of the form is standardized throughout the mortgage industry, and is not specific to FHA insurance requirements.
- b. Documentation to make certain the borrowers have the credit and capacity to repay the debt, including, but not limited to, credit reports and credit scores; verification of income and employment; government assistance; rental income; housing and clothing allowances, hazard pay, rations and proficiency pay; alimony, child support or maintenance income; subsidy for mortgage payments; VA benefits; IRS form 2106; and/or trust agreements. This data for credit and capacity are normal business practices used by all lenders as part of the lending business. Since this data required by HUD is not greater than is standard practice, HUD ascribes no additional burdens or costs for this.

- c. Asset verification documents are required for every case and are used to make certain the borrowers are eligible, have capacity to repay the debt and assets for the down payment and closing costs. Asset verification documents may include but are not limited to documents required for changes to property title; gift letters; bank account statements from borrowers and/or gift donors; attorney opinion letters; cancelled checks; bill of sale; proof of ownership and value; final HUD-1 for sale of property; receipt of earnest money deposit; evidence that a retirement account can be cashed at any time; sweat equity documentation; and/or lease-purchase agreement.
- d. For determining borrower eligibility for mortgage insurance for disaster victims [Section 203(h)], documentation is required evidencing a permanent residence in a disaster area as well as documentation evidencing that the property was damaged to such an extent that reconstruction is necessary.
- e. For determining eligibility for insurance under the Energy Efficient Mortgage program, documentation is required involving a home energy assessment as well as determining the cost effectiveness of eligible energy improvements.
- f. For purchase transactions where the sales contract does not contain a provision that there are no other agreements between the parties and that the terms of the sales contract constitute the entire agreement between the parties, a certification from the borrower, seller and the selling real estate agent or broker involved in the transaction must be obtained stating that the terms and conditions of the sales contract are true to the best of their knowledge and belief and that any other agreement entered into by any of the parties in connection with the real estate transaction is part of, or attached to, the sales agreement. A similar certification is obtained at closing, which also includes a certification from the settlement agent. These certifications are used to ensure that borrowers make the required cash investment from an acceptable source and not directly from a party with an interest in the transaction.
- g. **Form HUD-92900-B**, Important Notice to Homebuyers is a statement concerning the “Monthly Insurance Premiums (MIP).” If the homebuyer pays an upfront insurance premium, they will also be charged a monthly mortgage insurance premium. The MIP rate and duration of the MIP assessment period vary by mortgage term, Base Loan Amount, and LTV ratio for the Mortgage.
- h. **Form HUD-92561**, Mortgagor's Contract with Respect to Hotel and Transient Use of Property is required on two, three, or four-unit properties to assure that dwellings are used in accordance with program objectives. The information is required when page 2, Section V, item 22e (Borrower's Certification), on form HUD-92900-A is answered in the affirmative.
- i. **Form HUD-92544**, Warranty of Completion of Construction in Substantial Conformity with Approved Plans and Specifications is used in new construction cases only. The form is called for on page 3 of the form HUD-92900-A as an “additional condition” before FHA can insure the mortgage.
- j. **Form HUD-92900-LT**, FHA Loan Underwriting and Summary Transmittal simplifies lender reporting of new loans to HUD for FHA insurance because the format is consistent with industry business practices and does not require lenders to maintain and support a separate process for reporting new loans to FHA.

More importantly, adopting a transmittal form reflects an emphasis on reporting critical data elements and loan characteristics to FHA that assist in evaluating risk rather than reporting how the mortgage amount and cash investment were calculated. Eliminating the mortgage amount

and cash investment calculations from the Loan Underwriting and Transmittal Sheet does not eliminate the requirement to perform these calculations in accordance with applicable guidelines. It simply eliminates reporting on a specific form how the mortgage amount and cash investment were calculated for each loan. Lenders are expected to clearly document in the loan origination file how they performed these calculations in accordance with outstanding instructions. During the development and design of the Transmittal, certain data elements were eliminated, e.g. the maximum mortgage calculation, while others were added. Outlined below are the differences between the Mortgage Credit Analysis Worksheets and the Loan Underwriting Transmittal Sheet.

- k. The **Mortgagor Notice of Intent** to satisfy occupancy requirement upon discharge from the military is required of military personnel by 24 CFR 203.31 and 203.345/346. 24 CFR 203.18 requires all owner-occupant borrowers to certify their intent to occupy, therefore, no additional burden hours are assigned to this requirement.
- l. The **Model Notice for the Informed Consumer Choice Disclosure** is used by lenders to provide a one-page analysis of other mortgage products offered by that lender for which the borrower would qualify, as compared to the FHA-insured loan. The comparison includes note rates, associated interest payments, insurance premiums, and other costs and fees over the life of the various loan products. The model notice also includes a statement regarding when the mortgagor's requirement to pay mortgage insurance premiums for the FHA-insured loan would terminate or a statement that the requirement will terminate only if the mortgage is refinanced, paid off, or otherwise terminated. Delivery of this disclosure is a function of the Mortgagee at their discretion per 24 CFR 203.10. Lenders are not required to report to HUD the number of disclosures released annually.
- m. The **Model Pre-Insurance Review** provides lenders who are participating in the Lender Insurance Program with an example of what HUD staff reviews prior to endorsing a mortgage for insurance. As a condition of participating in Lender Insurance, lenders (not HUD Staff) are responsible for completing the pre-insurance review to ensure that the loan is in compliance with all applicable HUD requirements. Lenders are not required to use this exact format when conducting a pre-insurance review, but at minimum, the pre-insurance review must include the elements shown on the attached example.
- n. The **Settlement Certification** (previously known as Addendum to HUD-1) is signed by the buyer, seller, and closing agent for each FHA purchase transaction. The form requires the buyer and seller to certify that there are no undisclosed loans outside of the transaction. The closing agent certifies that the closing disclosure is an accurate accounting of funds received and disbursed for the transaction.
- o. Mortgagees must explain choices to **Borrowers who have an FHA Partial Claim**, when the first trust FHA-insured mortgage is refinanced. A Partial Claim is a Subordinate Lien which holds arrearages by securing it into a zero-interest subordinate Mortgage (Partial Claim program is described in FHA's Servicing policy, under OMB Control Number 2502-0589).

A Mortgagee must include in the Case Binder evidence that the Mortgagee explained to the Borrower that the Partial Claim Subordinate Lien:

- is a zero-interest mortgage where no payments are due; and
- is not due and payable until the maturity of the Mortgage, the sale of the Property, the Payoff of the Mortgage, or, if provided for under the Partial Claim promissory Note, the termination of FHA insurance.

The Mortgagee's explanation may be conveyed electronically. Conveyance of this information better allows the Borrower to determine whether they wish to retain or payoff the Partial Claim.

- p. For **Mortgages that secure a property in a flood zone**, FHA will collect new data about the flood insurance policy, including the Insurer, amount of coverage, and the source used to determine property value. This information assists HUD in assuring that properties with flood risk have adequate flood insurance. HUD ascribes no additional burden hours for this because this information is already collected by Mortgagees as part of their normal residential lending business.

### **Data Overview**

- Respondents are Mortgagees. As of December 2021, there were 1,912 Mortgagees that participated in FHA insurance programs.
- An average number of Partial Claims submitted in the most recent 3-year period ending FY 2021 is 236,779.
- The number of Partial Claims has increased in recent years, which is attributed to COVID impact.

### **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.**

Each application request has its own unique characteristics of property, mortgage amount, and borrower; therefore, the use of computers can only be applied to the storage and retrieval of reference information and not to the burden-reduction aspect. However, data entry on these forms is increasingly generated by proprietary loan origination systems (LOS), if purchased or licensed by the lender, with much of that information provided electronically to HUD. Mortgage lenders may avail themselves of electronic options for data transmissions. HUD accepts case binders electronically. Currently, all case binders are now submitted in this manner. HUD forms are available online at <http://www.hudclips.org>

### **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 duplication exists because each application is unique to the eligibility requirements explained in Item 2 above. The information collected in this Supporting Statement is not collected elsewhere and no similar information exists.

### **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 information collected does not have a significant economic impact on a substantial number of 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 reporting burden is loan-specific and, thus, cannot be conducted less frequently than on every single loan submitted to FHA for insurance endorsement. For the Informed Consumer Choice Notice, only a small percentage of mortgagors will receive this disclosure since it is only applicable when the mortgagor qualifies for both FHA financing *and* prime financing.

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

Lenders are required to keep records for the duration of the mortgage loan, which could be as long as 30 years. However, the average length of an FHA-insured mortgage is approximately 7.5 years.

- a. **Requiring respondents to report information to the agency more than quarterly:**
  - respondents are required to report information more than quarterly. The reporting burden is loan-specific and, thus, cannot be conducted less frequently than on every single loan submitted to FHA for insurance endorsement.
- b. **Requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it:**
  - respondents are not required to prepare a written response in less than 30 days
- c. **Requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years:**
  - respondents are not required to retain records for more than 3 years. the duration of the mortgage. Respondents (Mortgagees) must maintain their mortgage file for a period of two years from date of endorsement.
- d. **In conjunction with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study:**
  - respondents are not required to provide a statistical survey
- e. **Requiring the use of a statistical data classification that has not been reviewed and approved by OMB:**
  - respondents are not required to use statistical data not approved by OMB
- f. **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:**
  - respondents are not required to submit information that includes a pledge of confidentiality that is not supported by authority established in a 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
- g. **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:**
  - respondents are not required 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 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.**

This is a revision of a currently approved collection. HUD regularly receives comments and input on its information collection requirements from lending institutions, the home construction industry, insurance companies, appraisers, and service companies. This is not inconsistent with the guidelines in 5 CFR 1320.6. The agency notice soliciting comments on the information collection for OMB #2502-0059 was published in the Federal Register on Friday, May 27, 2022, (Volume 87, Number 103, pages 32182). No comments were received.

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

There are no gifts or other type payments made 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 provided for the information collection except as noted in the Privacy Act Statement The Privacy Act Statement provided in form HUD-92900-A Section III, "Notice to Borrowers" furnishes the authority for the collection of the information requested and the assurance of confidentiality as established by law. Information regarding the borrower's financial status and income data are only used to determine eligibility. The basis for collecting the borrower's social security number on the form is covered under the Debt Collection Act of 1982, (P.L. 97-365) and is also provided in Section III., "Notice to Borrowers."

- 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 information collection contains questions of a sensitive nature. The forms described in item 2 collect personally identifiable information (PII). Since this submission is a revision of a currently approved collection, consultations were previously conducted with respondents regarding significant changes under existing information collection. The respondents previously contacted were chosen for consultation due to their large volume of FHA-insured loans as well as their participation in the Lender Insurance Program.

Hourly cost is based on an estimate of the lender cost of \$36.00 per-hour cost that includes overhead, staff preparation time, and approvals as 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 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 Public Burden

Description of Information Collection	Number of Respondents (total no. of lenders)	Frequency of Response	Total Annual Responses	Hours per Response (% of hr)	Annual Burden Hours	Hourly Cost	Total Annual Cost
HUD-92900-A, its related exhibits and other forms:	1,912	1 per loan	1,292,920	0.17	219,796	\$41.00	\$9,011,652
HUD-92900-B	1,912	1 per loan	1,292,920	0.05	64,646	\$41.00	\$2,650,486
HUD-92900-LT	1,912	1 per loan	1,292,920	0.17	211,895	\$41.00	\$8,687,695
HUD-92561 2, 3, or 4 units	1,912	1 per loan	31,902	0.03	957	\$41.00	\$39,239
HUD-92544 New construction cases	1,912	1 per loan	32,320	0.08	2,586	\$41.00	\$106,010
Additional burden for buy down agreements.	1,912	1 per loan	643	0.05	211,896	\$41.00	\$8,687,736
Additional burden for	1,912	1 per loan	1,292,920	0.17	219,796	\$41.00	\$9,011,652

pre-insurance review checklist. FHA has provided a model.							
Settlement Certification	1,912	1 per purchase loan	802,496	0.01	8,025	\$41.00	\$329,023
Purchase Transactions							
Partial Claims Notice	1,912	1 per partial claim	173,188	0.01	1,732	\$41.00	\$71,007
<b>Totals</b>	<b>1,912</b>		<b>6,212,229.00</b>	<b>0.74</b>	<b>737,367</b>	<b>\$41.00</b>	<b>\$30,232,047</b>

**Table Notes:**

1. The total number of Respondents (Lenders or Mortgagees) applying for FHA Mortgage Insurance is 1,912. The number of FHA-approved Mortgagees varies; Mortgagees seek FHA approval and insurance during times of economic stress, such as during the Great Recession. Mortgagees turn from government insurance to private insurance during time of economic stability.
2. As of fiscal year ending 2021, the 3-year average of mortgages insured by FHA is 1,292,920.
3. The hourly cost of \$41.00 is based on a national mean hourly wage of a Credit Analyst (rounded to nearest dollar), reported by the Department of Labor, and includes the cost of overhead, staff support, recordkeeping, etc. See occupation 13-2041 Credit Analyst at [https://www.bls.gov/oes/current/oes\\_nat.htm#13-0000](https://www.bls.gov/oes/current/oes_nat.htm#13-0000), for May 2020, the most recent data posted as of the preparation of this Supporting Statement.
4. Ending in fiscal year 2021, the 3-year average of Partial Claims is 173,188. This number is a significant increase in defaults starting in 2020, due to COVID.
5. This submission reports an increase in burden hours, primarily due to an increase in the number of total FHA mortgages insured. Total costs increased due to an increase in the hourly wage reported by the Department of Labor.

**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 respondents.

- a. **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.**

For a Lender's participation in FHA's mortgage insurance program, there are no costs for (a) a total capital and start-up cost component (annualized over its expected useful life) or (b) a total operation and maintenance and purchase of services component. Costs for these items are a customary standard part of the Lender's business.

- b. **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.**

Since there are no additional costs for a Lender's participation in FHA's mortgage insurance program, there are no reportable cost estimates that may be expected to vary widely.

- c. **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.**

Since there are no additional costs for a Lender's origination for participation in FHA's mortgage insurance program, there are no reportable estimates that include purchases or equipment or services or a portion thereof. Costs for these items are a customary and usual for a lending business practice.

**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.**

The annualized cost to the Federal government is estimated at 10% of the total burden hours or 73,737 (rounded). The Federal burden includes compliance reviews related to the loans. The annualized cost to the Federal government assumes a \$41.00 per hour estimate based on a national estimate for the mean hourly wage of a Credit Analyst (rounded up to the nearest dollar), reported by the Department of Labor.

**Total Burden Hours:**  $737,367 \times 10 \text{ percent (rounded)} = 73,367 \times \$41.00 = \text{Annualized Cost of } \$3,023,217.$  There are no additional annualized costs to the Federal Government.

**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; however, there is a change/adjustment due to an increase in FHA endorsement of mortgages and rising hourly rate reported by the Department of Labor. Changes are noted in Item 13 of the OMB 83-I.

**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.**

This information collection does not include results that will 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 of 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 agency should be prepared to justify its decision not to use statistical methods in any case where such methods might reduce burden or improve accuracy of results. When Item 17 on the Form OMB 83-I is checked, "Yes," the following documentation should be included in the Supporting Statement to the extent that it applies to the methods proposed:**

**The collection of information does not employ statistical methods.**

- 1. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection methods to be used. Data on the number of entities (e.g., establishments, State and local government units, households, or persons) in the universe covered by the collection and in the corresponding sample are to be provided in tabular form for the universe as a whole and for each of the strata in the proposed sample. Indicate expected response rates for the collection as a whole. If the collection had been conducted previously, include the actual response rate achieved during the last collection.**

This information collection does not employ statistical methods.

- 2. Describe the procedures for the collection of information including:**

- \* Statistical methodology for stratification and sample selection,**
- \* Estimation procedure,**
- \* Degree of accuracy needed for the purpose described in the justification,**
- \* Unusual problems requiring specialized sampling procedures, and**
- \* Any use of periodic (less frequent than annual) data collection cycles to reduce burden.**

Since this information collection does not employ statistical methods, there are no procedures for the collection that involve:

- \* Statistical methodology for stratification and sample selection,**
- \* Estimation procedure,**
- \* Degree of accuracy needed for the purpose described in the justification,**
- \* Unusual problems requiring specialized sampling procedures, and**
- \* Any use of periodic (less frequent than annual) data collection cycles to reduce burden.**

- 3. Describe methods to maximize response rates and to deal with issues of non-response. The accuracy and reliability of information collected must be shown to be adequate for intended uses. For collections based on sampling, a special justification must be provided for any collection that will not yield "reliable" data that can be generalized to the universe studied.**

Since this information collection does not employ statistical methods, there are no methods to maximize response rates and to deal with issues of non-response.

- 4. Describe any tests of procedures or methods to be undertaken. Testing is encouraged as an effective means of refining collections of information to minimize burden and improve utility. Tests must be approved if they call for answers to identical questions from 10 or more respondents. A proposed test or set of tests may be submitted for approval separately or in combination with the main collection of information.**

This information collection does not involve tests of procedures or methods to be undertaken.

- 5. Provide the name and telephone number of individuals consulted on statistical aspects of the design and the name of the agency unit, contractor(s), grantee(s), or other person(s) who will actually collect and/or analyze the information for the agency.**

The collection of information does not employ statistical methods.