**Supporting Statement for Paperwork Reduction Act Submissions**

**OMB Control No. 2502-0556**

**FHA TOTAL (Technology Open to Approved Lenders)**

**Mortgage Scorecard**

**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.**

SEC. 203 of the National Housing Act (12 U.S.C. 1709) authorizes the Secretary, upon application by the mortgagee, to insure mortgages that are eligible for insurance upon such terms as the Secretary may prescribe. The regulation mandating this collection can be found in the Code of Federal Regulations at 24 CFR 203.255(b)(5). This information is necessary to assure that mortgagees (lenders) are aware of their obligations regarding use of the FHA TOTAL Mortgage Scorecard (TOTAL Scorecard) and are certifying that they will comply with HUD regulations, Handbooks, Guidebooks, and Mortgagee Letters.

1. **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.**

FHA-approved mortgagees (lenders) use their loan operating systems (LOS) to electronically connect to FHA Connection and TOTAL Mortgage Scorecard. Lenders develop their systems to associate with TOTAL Mortgage Scorecard with the assistance of the TOTAL Scorecard Developers Guide. There is no additional burden associated with this process as data mapping is a standard practice throughout the mortgage industry, regardless of loan type. Mortgagees that obtain a risk-assessment from the TOTAL Scorecard, must abide by the requirements in 24 CFR 203.255(b). Access to the TOTAL Mortgage Scorecard by an FHA mortgagee is conditioned upon the mortgagee’s certification to comply with those requirements. Only FHA-approved mortgagees are able to obtain risk assessments using the TOTAL Mortgage Scorecard. The primary use of the information is to assure that the mortgagees who use FHA’s TOTAL Mortgage Scorecard have certified to the terms and conditions of that use and that they will not violate the regulations at 24 CFR 203.255.

1. **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 information regarding the lender’s certification that it will properly use the TOTAL Mortgage Scorecard is collected electronically. Other information, such as evidence of quality control procedures, may be collected in hard copy or electronically.

1. **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.**

This information does not duplicate information under any other approved HUD information collections.

1. **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.**

 This information will not impact small businesses and other small entities. Burden is minimized due to online certification process.

1. **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.**

Without requiring mortgagees to certify to proper use of the TOTAL Mortgage Scorecard program, FHA would have no means of enforcing the regulations regarding use of it and employing sanctions against mortgagees misusing it.

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

 There are no special circumstances required in the collection of information.

 Explain any special circumstances requiring:

* **requiring respondents to report information to the agency more often than quarterly;**

Respondents are not required to report information more than quarterly. Mortgagees certify for initial access to TOTAL Mortgage Scorecard, and then recertify on an annual basis.

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* **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;

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

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;**

Respondents are not required to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three 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;**

 Respondents are not required to provide a statistical survey;

* **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;

* **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 confidentially 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

* **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.

1. **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 the 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)(a), HUD is soliciting comments from the public and affected agencies concerning the proposed collection of information. The Notice announcing this collection of information appeared in the Thursday, December 22, 2022, Volume: 87 Number 245 page 78702.

1. **Explain any decision to provide any payment or gift to respondents, other than renumeration of contractors or grantees.**

 There are no payments or gifts made to any respondents.

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

 No assurances of confidentiality are provided to respondents.

1. **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 does not contain any questions of a sensitive nature.

1. **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**.

 Estimated burden and costs to respondents:

The estimated public burden consists of an electronic certification process, required of all mortgagees wishing to use FHA’s TOTAL Mortgage Scorecard, using “click-through” procedures. The collection of FHA reports and loan samples, and the burden associated with appealing FHA’s decision to terminate a mortgagee’s access to the TOTAL Mortgage Scorecard are functions of HUD’s Office of Lender Activities and Program Compliance and are covered under OMB control numbers 2502-0005 and 2502-0600.

 There are 2,343 Title II FHA-approved mortgagees, required to certify to the terms and conditions of TOTAL Scorecard, initially upon approval and thereafter annually.

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| **Information Collection** | **Number of Respondents** | **Frequency of Responses** | **Total Annual Responses** | **Hours Per Response** | **Total Annual Hours** | **Hourly Cost** | **Total Annual Cost** |
| **(Note 1)** | **(Note 2)**  |
| Initial Certification | 2,343 | Once per year | 2,343 | 0.05 | 117.15 | $42.32  | $4,958  |
| or Annual Recertification |

Table Notes:

1. The total number of respondents is 2,343. This figure represents the total number of mortgagees (lenders) approved to participate in FHA insurance programs and to have access to TOTAL Mortgage Scorecard.

For initial or continued access, these respondents must certify compliance with TOTAL Mortgage Scorecard requirements at 24 CFR 203.255(b)(5) per HUD’s Lender Approval and Recertification Division.

1. The hourly cost of $42.32 is 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, as of May 2021 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> .
2. **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 or recordkeepers resulting from the collection of information. Costs associated with total capital and start-up component (annualized over its expected useful life) and total operation and maintenance, and purchase of services component are a standard part of the mortgagee’s (lender’s) business.

* **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 mortgagees to certify compliance with TOTAL Mortgage Scorecard requirements, there are no costs for (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. Costs for these items are a standard part of all mortgagee’s business.

* **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 mortgagee (lender) beyond their standard business practice, there are no reportable cost estimates that may be expected.

* **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 mortgagee (lender) beyond customary and usual business or private practices, 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 business practice.

1. **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.**

 Estimated cost to the Federal government: HUD’s collection of the electronic certification is substantially automated. There are no additional costs associated with this collection.

1. **Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.**

 This is an extension of a previously approved collection. There are no program changes or adjustments.

1. **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.

1. **If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

HUD is not seeking approval to avoid displaying the expiration date for the OMB approval.

1. **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:**

This information collection 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, there is no potential respondent universe, or other respondent selections methods used.

1. **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.

1. **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.

1. **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.**

Since this information collection does not employ statistical methods, there are no tests of procedures or methods undertaken.

1. **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.**