

**Supporting Statement for Paperwork Reduction Act Submissions**  
**Single Family Mortgage Insurance on Hawaiian Home Lands**  
**OMB# 2502-0358**

**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.**

The Federal Housing Administration offers mortgage insurance for eligible mortgagors for the purchase of single-family dwellings pursuant to Title II of the National Housing Act (NHA) (12 U.S.C. 1701, *et seq.*). The Housing and Urban-Rural Recovery Act of 1983 (P.L. 98-181) amended the NHA to add Section 247 (12 U.S.C. 1715z-12) to permit FHA to insure mortgages for properties located on Hawaiian Home Lands (HHL).

Section 247 requires that the Department of Hawaiian Home Lands (DHHL) of the State of Hawaii (a) will be a co-mortgagor; (b) guarantees or reimburses the Secretary for any mortgage insurance claim paid in connection with a property on Hawaiian HHL; or (c) offers other security acceptable to the Secretary. There are no changes to this program for this submission.

Under the laws of the State of Hawaii, the DHHL is responsible for management of HHL for the benefit of native Hawaiians. The DHHL determines whether a prospective mortgagor meets eligibility requirements as a native Hawaiian.

- 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.**

This is a reinstatement with a change of a currently approved collection. Respondents are FHA-approved lenders seeking mortgage insurance on a mortgage loan secured by property located on HHL. To be eligible for the program, a borrower must be a native Hawaiian as defined at NHA section 247(d)(1)(12 U.S.C. 1715z-12(d)(1) and 24 CFR 203.43i1., The collection of information is verification that a loan applicant is a native Hawaiian and that the applicant holds a lease on land in a HHL area. The FHA-approved lender must obtain verification of the borrower's eligibility, as confirmed by the DHHL.

The lender is responsible for reviewing the documents submitted to ascertain that a mortgagor meets all the regulatory requirements. A prospective borrower is ineligible for Section 247 financing without proof of status as a native Hawaiian from the State's DHHL. Only native Hawaiians are eligible for this leasehold program.

In accordance with 24 CFR 203.439(c), lenders must report monthly to HUD and the DHHL about the number of section 247 loans that are delinquent. Lenders Monthly Delinquent Loan Reports to HUD are collected under OMB Control number 2502-0584.

The DHHL works with these delinquent borrowers in mitigating foreclosure risk by intervening as soon as possible, and DHHL relies on the delinquency information to assist borrowers in resolving defaults to mitigate the risk of a claim to HUD.

**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.**

No HUD-specific forms are required from lenders originating loans under the HHL program. The DHHL, a state agency, requires an application packet to be completed by potential homeowners, which is then delivered to their offices after being notarized.

Origination documentation that lenders collect as part of their required application for FHA-insured financing include copies of leases, and verification documentation confirming the borrower's program eligibility from the DHHL. All origination documentation is required to be included in the standard case binder information. The lender electronically submits case binders to HUD through either the FHA Connection (FHAC) system or the FHA Catalyst portal, depending on Lender Insurance or standard Direct Endorsement approval of the lender. FHAC provides FHA-approved lenders and business partners with direct, secure, online access to HUD computer systems for the origination and endorsement of loans. FHA migrated to completely paperless origination processes in 2020 as a response to the COVID-19 pandemic. The paperless process continues to be an effective tool for lenders by reducing the costs to lenders of printing, and delivery of physical case binders, while also relieving HUD of the financial burden of storing case binders post-endorsement.

After endorsement and the repayment period begins, servicers must report the status of FHA-insured HHL loans on a monthly basis. These reports are transmitted to HUD electronically through the Single-Family Default Monitoring System (SFDMS).

In the event of a default, servicers must submit their claim documentation through the P260 system. The P260 system User Guide directs servicers and HUD staff on the information to be input and the required documentation to be uploaded to begin the claim process. After HUD staff review the package in P260, a determination is made to accept or deny the package. Once the package is accepted by HUD, the servicer can file their claim for final processing.

Once the claim is paid, DHHL will be notified by HUD via printing and mailing the package. The package includes copies of the claim documents and the original Note, endorsed to the DHHL.

**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. The information collected is unique to each home, the respective DHHL lease, and the eligibility of individual borrowers. Similar information is unavailable.

**5. If the collection of information impacts small businesses or other small entities describe any methods used to minimize burden.**

Mortgage lenders are typically not small businesses. The information collected for the land lease, and to confirm borrower eligibility with the DHHL would have minimal impact on any lenders that are small business or other small entities, considering that the estimated burden time is 35 minutes per combined response and the eligibility information is provided by the DHHL documentation. The reporting burden is loan specific and, thus, cannot be conducted less frequently than once for every HHL mortgage submitted to FHA for insurance endorsement.

**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.**

Information collected for the land lease and borrower eligibility is a one-time “on occasion” type, as part of the mortgage origination process. The collection of borrower delinquency status throughout the loan term is automated for monthly electronic collection. All information collected is specific to each loan. The collection cannot be conducted less frequently than on every loan submitted to FHA for insurance endorsement, and monthly for payment status.

Before applying for FHA insurance, lenders must collect information to determine that the borrower is eligible for the DHHL program. Lenders that finance HHL loans will be unable to obtain FHA-insured financing if this information is not collected.

The documentation requirements also reduce HUD’s exposure to insurance losses from loan defaults.

To assist the DHHL in identifying delinquent loans, lenders report payment status monthly. If information were collected less frequently, the DHHL would have less time to offer loss mitigation measures and reduce losses.

**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;**

Respondents are required to report information more than quarterly. The information collection is loan-specific and is collected at the origination of every loan submitted to FHA for insurance endorsement.

- **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 fewer 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 required to retain records for the duration of the mortgage, which is the term of FHA's insurance obligation.

- **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;**

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 a statistical data classification 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 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

- **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.**

Respondents are not required to submit proprietary trade secrets or other confidential information.

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 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 preclude consultation in a specific situation. These circumstances should be explained.**

HUD regularly receives comments and input on its information collection requirements from lending institutions that will lend on Hawaiian Homelands. This is not inconsistent with the guidelines in 5 CFR 1320.6. The agency notice soliciting comments on this information collection was published in the Federal Register on August 6, 2024. *See* 89 FR 63958 (60-Day Notice of Proposed Information Collection: Single Family Mortgage Insurance on Hawaiian Home Lands; OMB Control No.: 2502–0358). 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 types of payments made to respondents.

10. **Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation or agency policy. If the collection requires a system of records notice (SORN) or privacy impact assessment (PIA), those should be cited and described here.**

There are no confidential issues involved, therefore no assurances of confidentiality.

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 does not contain any 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 covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in chart below; 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.

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
Certification that borrower is a native Hawaiian	310	1	310	.08	24.8	\$47.14	\$1,169.07
Copy of lease on land in Hawaiian Home Lands area	310	1	310	.08	24.8	\$47.14	\$1,169.07
Notice of delinquency	13	1	13	.42	5.46	\$47.14	\$257.38
Notice of default	16	1	16	.50	8	\$47.14	\$377.12
<b>TOTALS</b>	<b>339</b>		<b>339</b>	<b>1.08</b>	<b>63.06</b>		<b>\$2,972.65</b>

According to the U.S. Department of Labor, Bureau of Labor Statistics website ([www.bls.gov](http://www.bls.gov)) the wage rate category for a **Credit Analysts 13-2041** is estimated to be \$47.14 therefore, the estimated burden hour cost to respondents is estimated to be **\$2,972.64** annually.

Overall, burden hours have increased slightly from the existing collection.

Table Notes:

- For calendar years 2020-2023, HHL lenders originated a total of 930 HHL mortgages.
- The annual average of cases endorsed for insurance under this program is 310 (This average reflects a small increase from annual average cases reported in the prior Paperwork Reduction Act package submitted to the Office of Management and Budget).
- This three-year average of 310 HHL mortgages endorsed annually indicates that the ongoing COVID 19 pandemic, which ended in May 2023, did not have any further impact on endorsements. It is believed that the rising numbers from the prior Paperwork Reduction Act submission indicated that lenders were seeking FHA insurance protection due to the risk associated with the pandemic, which can result in lower household income and an increase mortgage default.
- The total number of respondents is 23, reflecting the total number of FHA-approved lenders that originated mortgages during the three-year calendar year period ending 2023. For this collection, FHA adjusted the numbers of respondents to accurately reflect the number of lenders that participate in the HHL program, lending in the limited Hawaiian

Home Lands area versus the number of lenders that participate in FHA loan programs in general.

- The average number of delinquency reported during calendar years 2020-2023 of 13 represents a decrease from the prior PRA. The previously high level of default can be attributed to fiscal years 2020 and 2021; the onset of COVID-19 pandemic. With the end of the pandemic and the stabilization of employment, delinquency levels have steadily decreased. These delinquencies represent loan payments made 30 days late (after due date) at least one time. HUD's reporting requirements allow the DHHL to act quickly with homeowners facing challenges. The average number of defaults during this same period was 16. Delinquency is typically described as a required payment being paid late or missed; default is when the borrower fails to keep up with ongoing loan obligations or doesn't repay the loan according to the terms laid out in the promissory note

**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 already reflected on the burden worksheet 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;**

There are no additional costs to respondents or recordkeepers resulting from the collection of information. Costs associated with total capital and start-up components (annualized over its expected useful life) and total operation and maintenance, and purchase of services components are customary and a standard part of a lender'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 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.**

Since there are no additional costs for HHL program participation, there are no reportable cost estimates that may be expected to vary widely.

- **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 consultant or a lender’s origination of HHL participation and origination, 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.

- 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
Certification that borrower is a native Hawaiian	310	1	310	.08	24.8	\$48.59	\$1,205.03
Copy of lease on land in Hawaiian Home Lands area	310	1	310	.08	24.8	\$48.59	\$1,205.03
Notice of delinquency	13	1	13	.25	3.25	\$48.59	\$157.92
Notice of delinquency	16	1	16	.40	6.40	\$48.59	\$310.98
<b>Totals</b>	<b>339</b>		<b>339</b>	<b>.81</b>	<b>59.25</b>		<b>2,878.96</b>

The Federal cost includes compliance reviews. The hourly cost of \$48.58 is based on the national mean hourly wage of GS-12, Step 1 found at <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2025/general-schedule/>.

- 15. Explain the reasons for any program changes or adjustments reported in Items 12 and 14 of the Supporting Statement.**

This is a reinstatement with a change of a currently approved collection. There has been a slight increase in the number of respondents from the last submission.

Keeping with its purpose, FHA mortgage insurance helps to stabilize housing markets during periods of economic distress. When housing markets weaken, private lenders seek a greater share of loans with FHA insurance. As the economy improves, lenders shift from Federal insurance support towards conventional lending models.



- 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.**

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.**

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