



**MONTHLY SURVEY OF RATES  
AND TERMS ON CONVENTIONAL  
1-FAMILY NONFARM MORTGAGE LOANS (MIRS)**

**OMB NUMBER 2590-0004**

**SUPPORTING STATEMENT**

**A. Justification**

**1. Circumstances Necessitating Collection of Information**

The Housing and Economic Recovery Act of 2008 (HERA), Public Law No. 110–289, 122 Stat. 2654, amended the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Safety and Soundness Act) (12 U.S.C. 4501 *et seq.*) and the Federal Home Loan Bank Act (12 U.S.C. 1421 *et seq.*) to establish FHFA as an independent agency of the Federal government.<sup>1</sup> One of FHFA’s predecessor agencies, the former Federal Housing Finance Board (Finance Board), provided data concerning a survey of mortgage interest rates until HERA transferred those responsibilities to FHFA. This survey, known as the Monthly Interest Rate Survey or MIRS, is described in 12 CFR 906.5. FHFA considers MIRS, among other indexes or measures FHFA determines are appropriate, in establishing and maintaining a method to assess the national average one-family house price for use for adjusting the conforming loan limitations of Freddie Mac and Fannie Mae. 12 U.S.C. 4542.

Statutory references of the MIRS include the following:

- In 1989, Congress required the Chairperson of the Finance Board to take necessary actions to ensure that indices used to calculate the interest rate on adjustable-rate mortgages (ARMs) remain available. See FIRREA, tit. IV, section 402, paragraphs (e)(3)-(4), 103 Stat. 183, codified at 12 U.S.C. 1437 *note*. At least one ARM index, known as the National Average Contract Mortgage Rate for the Purchase of Previously Occupied Homes by Combined Lenders, is derived from the MIRS data. The statute permits FHFA to substitute a different ARM index after notice and comment only if the new ARM index is based upon data substantially similar to that of the original ARM index and substitution of the new ARM index will result in an interest rate substantially similar to the rate in effect

<sup>1</sup> See Division A, titled the “Federal Housing Finance Regulatory Reform Act of 2008,” tit. I, section 1101 of HERA.

at the time the new ARM index replaces the existing ARM index. *See* 12 U.S.C. 1437 *note*.

- Statutes in several states and U.S. territories, including California, Michigan, Minnesota, New Jersey, Wisconsin, and the Virgin Islands, refer to, or rely upon, the MIRS. *See, e.g.*, Cal. Civ. Code §§ 1916.7 and 1916.8 (mortgage rates); Mich. Comp. Laws § 445.1621(d) (mortgage index rates); Minn. Stat. § 92.06 (payments for state land sales); N.J. Rev. Stat. 31:1-1 (interest rates); Wis. Stat. § 138.056 (variable loan rates); V.I. Code Ann. tit. 11, § 951 (legal rate of interest).

## **2. Use of the Data**

The information collection is used for the purposes described in the answer to Item 1. In addition, FHFA uses the information collection to produce the MIRS and for general statistical purposes and program evaluation. The MIRS provides monthly information on interest rates, loan terms, and house prices by property type (all, new, previously occupied), by loan type (fixed- or adjustable-rate), and by lender type (savings associations, mortgage companies, commercial banks, and savings banks), as well as information on 15-year and 30-year fixed-rate loans. In addition, the MIRS provides quarterly information on conventional loans by major metropolitan area and by FHLBank district.

To conduct the MIRS, FHFA asks a sample of mortgage lenders to report voluntarily the terms and conditions on all single-family, fully amortized, purchase-money, non-farm loans that they close during the last five business days of the month. The MIRS excludes FHA-insured and VA-guaranteed loans, multifamily loans, mobile home loans, and loans created by refinancing another mortgage. Respondents are requested to submit the information on a monthly basis.

Economic policy makers use the MIRS data to determine trends in the mortgage markets, including interest rates, down payments, terms to maturity, terms on ARMs, and initial fees and charges on mortgage loans. Other federal banking agencies, such as the Board of Governors of the Federal Reserve System and the Council of Economic Advisors, use the MIRS results for research purposes.

## **3. Use of Improved Information Technology to Reduce Burden**

FHFA utilizes technological techniques, such as automatic and electronic for all responses submitted. Most (90%) of the respondents submit the requested information electronically using the MIRS software in a format similar to FHFA Form #075 (supersedes FHFB Form 10-91). Some respondents elect to complete FHFA Form #075 and submit it by facsimile. FHFA strongly encourages respondents to report electronically.

## **4. Efforts to Identify Duplication**

The information collection avoids duplication by collecting all necessary information on a single form known as FHFA Form #075 (supersedes FHFB Form 10-91) or through the MIRS software. The information collected generally is not available from any other source and MIRS is unique in that it spans a long period of time, and it provides information on both fixed and adjustable rates combined.

**5. Methods to Minimize Burden on Small Businesses or Other Small Entities**

The collection of information will not impact small businesses or other small entities.

**6. Consequences of Less Frequent Collection on Federal Programs or Policy Activities**

Pursuant to the statutory requirements described in the answer to Item 1, FHFA conducts the information collection on a monthly basis. Since data on mortgage rates and terms and home prices is vital economic information, collecting the information less frequently would affect the ability of policy makers to make informed judgments about economic conditions. In addition, most ARM contracts linked to the MIRS rely upon the data provided monthly.

**7. Explanation of any Special Circumstances**

FHFA will collect information under this clearance in a manner that complies with 5 CFR 1320.5(d) (2). FHFA also contemplates that there are no special circumstances that require the FHFA to conduct the information collection in a manner inconsistent with the guidelines in Item 7 of the Certification Requirements for Paperwork Reduction Act.

**8. Notice and Comments & Consultation with those whose information will be obtained on Availability of Data, Frequency of Collection, Clarity of Instructions and Forms, and Data Elements**

FHFA published a notice in the *Federal Register* on May 12, 2010 (75 FR 26756), as required by 5 CFR 1320.8(d) soliciting comments on the information collection prior to submission to OMB. FHFA received comments from three organizations, which are posted on its web site at <http://www.fhfa.gov/Default.aspx?Page=89&ListNumber=5&ListID=14707&ListYear=2010&SortBy=#14707>. All three commenters support continuation of the MIRS. One of the three commenters suggested enhancing the utility of the MIRS by including mortgages that are backed by FHF or the Department of Veterans Affairs. Another commenter suggested a new sampling frame using HMDA data to enhance the utility of the MIRS data. FHFA will consider the recommendations when the MIRS is reviewed for enhancement.

**9. Explanation of Decision to Provide any Payment or Gift to Respondents**

No payments or gifts will be made to respondents.

## **10. Description of Assurance of Confidentiality to Respondents**

FHFA does not provide any assurance of confidentiality to respondents. However, when FHFA responds to requests for individual loan data, which is similar to information contained in public land records, it does not disclose the identity of the lender or any loan identification number. The MIRS report contains no borrower identifier more specific than a ZIP code.

## **11. Justification of Sensitive Questions**

The MIRS will not ask questions or collect data of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

## **12. Estimates of Respondents Burden**

The estimated annualized cost to respondents of the information collection is \$7,000. The estimated annualized hour burden is 600 hours. FHFA based these estimates on the following calculations:

Clerical staff completes and submits FHFA Form #075 (supersedes FHFB Form 10-91) or provides information through the MIRS software.

- Review/processing time: 0.33 hours
- Total forms: 608 (76 respondents x 8 monthly reports)
- Total hours: 200
- Hourly rate: \$35 (includes salary, benefits, and overhead)
- Total cost: \$7,000

## **13. Estimated Total Annual Cost Burden to Respondents**

FHFA has not identified any costs to respondents other than the costs discussed in detail in the answer to Item 12.

## **14. Estimated Total Annual Cost Burden to the Federal Government**

The estimated annualized cost to FHFA of the information collection is \$80,125. The estimated annualized hour burden is 1,144 hours. FHFA based these estimates on the following:

- \$80,125 for FHFA staff salaries and benefits, which includes 40 percent of the time of the principal analyst, 10 percent of the time of a senior information technology specialist, 5 percent of the time of the program supervisor, and a 25 percent allowance for benefits.

**15. Reasons for Program Changes or Adjustments Reported on the Burden Worksheet.**

The reductions reported by FHFA are the result of fewer financial institutions responding to the MIRS.

**16. Plans for Tabulation and Publication**

Information concerning the MIRS is published regularly on the FHFA web site, <http://www.fhfa.gov>, in FHFA press releases, in the popular and trade press, in tabular form including a monthly 1-page ARM index release, a monthly 8- or 12-page release with mortgage rate and term data, and an annual summary, all available via FHFA's web site. Information is also available in publications of other Federal agencies, including The Economic Report of the President and Statistical Abstract of the United States. FHFA publishes on its web site the phone number for an automated telephone answering system that provides callers a recorded message about the ARM index and other MIRS information. FHFA does not use any complex analytical techniques.

**17. Explanation if Seeking Approval to not Display the OMB Expiration Date**

FHFA is not seeking such approval.

**18. Exceptions to the Certification Statement**

No exception to the certification statement is being requested.

**B. Collections of Information Employing Statistical Methods**

**1. The potential respondent universe includes the following:**

- A target sample of 105 of approximately 1,074 savings associations. In 2009, 46 savings associations responded to the information collection.
- A target sample of 45 of approximately 3,480 commercial banks and savings banks with (a) total assets greater than \$1 billion with mortgage-related assets of 10 percent, or (b) total assets less than \$1 billion with mortgage-related assets of 20 percent. In 2009, 24 commercial banks responded to the information collection.
- A sample of mortgage companies. Since mortgage companies are not subject to uniform regulation or registration and are not subject to geographic restrictions on their operation, the total universe and target sample are difficult to quantify. In 2009, 6 mortgage companies responded to the information collection, including several very large mortgage companies that operate in multiple states.

Approximately 50 percent of the lenders in the sample respond either every month or almost every month; 25 percent respond infrequently; and the remaining 25 percent respond about every other month. Lenders that do not respond in a 12-month period generally are dropped from the sample. In 2009, FHFA collected information on over 82,000 loans.

**2. The survey is stratified on the basis of lender type and geographical location.**

FHFA publishes monthly aggregate data by lender type, quarterly data for 32 selected large metropolitan areas and the 12 Federal Home Loan Bank (Bank) districts, and annual data for all states. The sampling method draws savings banks, commercial banks and savings associations with equal probabilities of selection from a lender type/geo stratum.

The MIRS data is post-stratified or balanced on the basis of two considerations. First, the shares of weighted loans are adjusted so the frequency distribution of weighted loans by lender type matches the lender-type distribution in the latest Home Mortgage Disclosure Act (HMDA) release of the Board of Governors of the Federal Reserve System. Second, the resulting weights are adjusted so the frequency distribution of weighted loans by Bank district matches the geographic pattern of mortgage originations annually reported in the HMDA file. Finally, individual loan weights are capped at three standard deviations over the mean weight for the particular lender type. As a practical matter, the balancing has the effect of weighting up loans reported by commercial banks and weighting down loans reported by savings associations.

FHFA believes the national MIRS data is reliable and accurate for its intended purposes. For some of the less populous states and smaller metropolitan areas, the inferences drawn must be qualified by the sample size. FHFA tested the accuracy of the mortgage rate data by comparing the average rate on 30-year conforming fixed-rate loans with similar data reported in Freddie Mac's commitment-rate survey. After adjusting for a one month lag between mortgage commitment and mortgage closing, the two series differed by an average of 0.04 percent. It is not possible to test directly the reported home price data against other home-price series. The data reported by the National Association of Realtors is median price data on purchase transactions and includes some homes financed by FHA-insured mortgages. The MIRS specifically excludes FHA mortgages and reports average, not median, prices. The new home price series of the Census Bureau also includes some homes financed with FHA mortgages. The repeat-sales price index jointly published by Fannie Mae and Freddie Mac excludes jumbo and other types of nonconforming loans that are within the scope of the MIRS, and the repeat-sales index is likely to include fewer ARMs than the MIRS.

**3. FHFA prepares an internal monthly report indicating whether a lender responded to the information collection and the number of loans it reported. Follow-up procedures generally include the following:**

- Asking any of the 10 largest respondents that failed to report to do so before the monthly data is tabulated.

- Contacting a regular respondent by telephone if the respondent has failed to report for two or three months. In most cases, the break in reporting is due to personnel changes at the respondent.

**4. Describe any tests of procedures or methods to be undertaken.**

See the answer to Item 2, paragraph 3 in Part B.

**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.**

Not applicable.