



# “AMERICAN SURVEY OF MORTGAGE BORROWERS”

OMB NUMBER 2590-0015

SUPPORTING STATEMENT

## A. JUSTIFICATION

### 1. Circumstances Necessitating the Collection of Information

The American Survey of Mortgage Borrowers (ASMB) is a component of the “National Mortgage Database” (NMDB<sup>®</sup>) Program, which is a joint effort of FHFA and the Consumer Financial Protection Bureau (CFPB). The NMDB Program is designed to satisfy the Congressionally-mandated requirements of section 1324(c) of the Federal Housing Enterprises Financial Safety and Soundness Act.<sup>1</sup> Section 1324(c) requires that FHFA conduct a monthly survey to collect data on the characteristics of individual prime and subprime mortgages, and on the borrowers and properties associated with those mortgages, in order to enable it to prepare a detailed annual report on the mortgage market activities of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) for review by the appropriate Congressional oversight committees. Section 1324(c) also authorizes and requires FHFA to compile a database of otherwise unavailable residential mortgage market information and to make that information available to the public in a timely fashion.

As a means of fulfilling those and other statutory requirements, as well as to support policymaking and research regarding the residential mortgage markets, FHFA and CFPB jointly established the NMDB Program in 2012. The Program is designed to provide comprehensive information about the U.S. mortgage market and has three primary components: (1) the NMDB; (2) the quarterly National Survey of Mortgage Originations (NSMO); and (3) the ASMB.

The NMDB is a de-identified loan-level database of closed-end first-lien residential mortgage loans that is representative of the market as a whole, contains detailed loan-level information on the terms and performance of the mortgages and the characteristics of the associated borrowers and properties, is continually updated, has an historical component dating back to 1998, and provides a sampling frame for surveys to collect additional information. The core data in the NMDB are drawn from a random 1-in-20 sample of all closed-end first-lien mortgages outstanding at any time between January 1998 and the present in the files of Experian, one of the three national credit repositories, with a random sample of mortgages newly reported to Experian added each quarter.

The NMDB draws additional information on mortgages in the NMDB datasets from other

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<sup>1</sup> 12 U.S.C. 4544(c).

existing sources, including Home Mortgage Disclosure Act (HMDA) data that are maintained by the Federal Financial Institutions Examination Council (FFIEC), property valuation models, and administrative data files maintained by Fannie Mae and Freddie Mac and by federal agencies. FHFA also obtains data from the two surveys conducted as part of the program—the NSMO and the ASMB.

The NSMO is a quarterly survey that provides critical and timely information on newly-originated mortgages and associated borrowers that are not available from other sources, including the range of nontraditional and subprime mortgage products being offered, the methods by which these mortgages are being marketed, and the characteristics of borrowers for these types of loans.<sup>2</sup>

While the NSMO provides information on newly-originated mortgages, the ASMB focuses on borrowers' experience with maintaining their existing mortgages. The feedback collected by the ASMB includes information about a range of topics related to maintaining a mortgage and property, such as borrowers' experiences with managing their mortgage, responding to financial stressors, insuring against risks, seeking assistance from federally-sponsored programs and other sources, and terminating a mortgage loan.

The ASMB is carried out primarily by a subcontractor, Westat, under the ultimate direction of FHFA. From 2016 through 2018, the ASMB questionnaire was sent once annually to a stratified random sample of 10,000 borrowers with mortgages in the NMDB. The data in the NMDB allows FHFA to target subpopulations (strata) that are of particular interest, such as borrowers who received counseling, borrowers who are delinquent on their mortgage, or borrowers who obtained a mortgage to purchase a home or to refinance a mortgage on their existing residence. Sampling within strata is random.

FHFA did not undertake the ASMB during 2019 but sent the survey again in the fall of 2020 with a specific focus on the experiences of borrowers during the COVID-19 pandemic. The 2020 survey questionnaire was substantially similar to the previous questionnaires, except a number of questions specifically relating to the COVID-19 pandemic and its effects were added. The 2022 survey was similar to the 2020 survey in its focus on how the pandemic impacted borrowers and extended the focus to the experiences of those who used forbearance. The 2023 survey focused on mortgage borrowers' experiences with flood risk and flood insurance. In 2023, the ASMB had a 27 percent overall response rate from its stratified random sample of 10,000 borrowers with mortgages in the NMDB. The 2024 ASMB survey will focus on existing borrowers' experiences with higher mortgage rates and non-mortgage costs like insurance and property maintenance.<sup>3</sup>

To develop and refine the ASMB, the survey subcontractor, Westat, will conduct cognitive interviews of borrowers to pretest the survey materials. Such pretesting helps to ensure that the survey respondents can and will answer the survey questions and will provide useful data on their experiences with maintaining their existing mortgages. FHFA uses information collected

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<sup>2</sup> OMB has cleared the NSMO under the PRA and assigned it control no. 2590-0012, which expires on June 30, 2026.

<sup>3</sup> A copy of the draft 2024 survey questionnaire is included as Attachment 1 to this Supporting Statement. Copies of the other communications that are to be sent to respondents are included as Attachment 4.

through the cognitive interviews to assist in drafting and modifying the survey questions and instructions, as well as the related communications, to read in the way that will be most readily understood by the survey respondents and that will be most likely to elicit usable responses. Such information is also used to help determine how best to organize and format the survey questionnaire. FHFA is requesting OMB clearance for those cognitive interviews in addition to the actual survey.

## **2. Use of Data**

FHFA views the NMDB Program as a whole, including the ASMB, as the monthly “survey” required by section 1324(c) of the Safety and Soundness Act. Core inputs to the NMDB, such as a regular refresh of the credit repository data, occur monthly, though the actual surveys conducted under the NMDB Program do not. The information collected through the ASMB is used, in combination with information obtained from existing sources in the NMDB, to assist FHFA in understanding a range of topics related to maintaining a mortgage and property, such as borrowers’ experiences with managing their mortgage, responding to financial stressors, insuring against risks, seeking assistance from federally-sponsored programs and other sources, and terminating a mortgage loan. This important, but otherwise unavailable, information assists FHFA in the supervision of its regulated entities (Fannie Mae, Freddie Mac, and the Federal Home Loan Banks) and in the development and implementation of appropriate and effective policies and programs. The information may also be used for research and analysis by CFPB and other federal agencies that have regulatory and supervisory responsibilities or mandates related to mortgage markets and to provide a resource for research and analysis by academics and other interested parties outside of the government.<sup>4</sup>

FHFA uses information collected through the cognitive interviews to assist it in drafting and modifying the survey questions and instructions, as well as the related communications, to read in a way that will be most readily understood by the survey respondents and that will be most likely to elicit usable responses. Such information helps the Agency decide on how best to organize and format the survey questionnaire.

## **3. Use of Information Technology**

The ASMB uses machine-readable paper questionnaires in English and also gives recipients the option of completing the survey online in either English or Spanish. Completed paper questionnaires are scanned and the responses are automatically uploaded into the electronic NMDB.

With respect to the cognitive interviews, information is collected through individual interviews, which may be conducted with or without electronic assistance, as well as through the use of non-electronic tools (such as hand-written notes or responses) and electronic tools (such as audio- and video-recordings).

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<sup>4</sup> For example, CFPB used data collected from the 2016-2018 ASMB waves as one component of a statutorily required assessment of its 2013 Real Estate Settlement Procedures Act (RESPA) mortgage servicing rule. For more information see the following document at pp. 28, 271-72:  
[https://files.consumerfinance.gov/f/documents/cfpb\\_mortgage-servicing-rule-assessment\\_report.pdf](https://files.consumerfinance.gov/f/documents/cfpb_mortgage-servicing-rule-assessment_report.pdf).

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

As explained above, the majority of data included in the NMDB is drawn from existing sources—primarily, the consumer credit database maintained by Experian; the HMDA data released by FFIEC; and administrative data in the possession of FHFA, its regulated entities, and other federal agencies. As described under Item #1, the ASMB questionnaire is designed to obtain critical and timely information that is not available from existing sources. The survey obtains this information directly from borrowers, who are likely to be the most reliable and accessible—and, in some cases, the only—source for this information.

#### **5. Impact on Small Entities**

This information collection does not have a significant economic impact on a substantial number of small entities. The survey recipients are individuals only, and all responses are voluntary.

#### **6. Consequences of Less Frequent Collection and Obstacles to Burden Reduction**

FHFA is requesting OMB clearance to conduct three periodic surveys under the ASMB over the next three years. Less frequent collection could reduce the usefulness of the survey in assisting FHFA and CFPB in carrying out the regulatory responsibilities described under Items #1 and #2 and in keeping those agencies and other interested stakeholders abreast of how the performance of existing mortgages is influencing the residential mortgage market, and whether borrowers are having difficulties maintaining their existing mortgages.

#### **7. Circumstances Requiring Special Information Collection**

FHFA requests an exemption to the collection of detailed race and ethnicity categories because the small sample size of the ASMB does not have enough statistical power to produce statistically precise estimates for most detailed categories. The estimated sample size for ASMB is 2,500 responses.

#### **8. Solicitation of Comments on Information Collection**

In accordance with the requirements of 5 CFR 1320.8(d), FHFA published a request for public comments regarding this information collection in the *Federal Register* on February 28, 2024.<sup>5</sup> The 60-day comment period closed on April 29, 2024. FHFA received no comments.

#### **9. Provision of Payments or Gifts to Respondents**

Survey recipients receive a \$10 cash payment as an incentive to complete and return the ASMB questionnaire. Recipients receive an additional cash payment of \$20 upon completion of the survey.

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<sup>5</sup> See 89 FR 14650 (Feb. 28, 2024).

The survey implementation strategy comprises four respondent contacts over a seven-week period:

- *Week 1*: Printed questionnaire, cover letter with a promise of a future cash incentive upon receipt of a completed survey, and cash incentive (entire survey sample population).
- *Week 2*: First reminder letter with a promise of a future cash incentive upon receipt of a completed survey (entire survey sample population).
- *Week 5*: Second reminder letter with a promise of a future cash incentive upon receipt of a completed survey, and printed questionnaire (sampled borrowers who have not responded by Week 4).
- *Week 7*: Third reminder letter with a promise of a future cash incentive upon receipt of a completed survey, which includes the due date for returning the questionnaire, to close the communication loop (sampled borrowers who have not responded by Week 6).

Each cognitive interview participant receives approximately \$100 as an incentive payment.

## 10. Assurance of Confidentiality

With respect to the confidentiality of survey responses, the first cover letter that accompanies the first ASMB questionnaire will contain the following statement:

If you have any questions or need assistance completing this survey due to a disability, please call us toll free at 1-855-339-7877, TTY #711 or visit our web sites, [fhfa.gov/ASMB](http://fhfa.gov/ASMB) or [consumerfinance.gov](http://consumerfinance.gov). This survey is voluntary. **Your answers will not be connected to your name or any other identifying information.** We hope you return the completed questionnaire.

The questionnaire itself contains a statement, required by the Privacy Act,<sup>6</sup> informing recipients that “[s]ubmission of the survey authorizes FHFA to collect the information provided and to disclose it as set forth” in the current System of Records Notice (SORN) for the National Mortgage Database.<sup>7</sup> The questionnaire also instructs recipients not to include their names or addresses when completing the questionnaire.

Section 1324 of the Safety and Soundness Act authorizes FHFA to modify the mortgage data released to the public as necessary to ensure that it contains no “representation of information that permits the identity of a borrower to which the information relates to be reasonably inferred by either direct or indirect means.”<sup>8</sup> For each sampled loan and its associated borrower(s), Experian provides its survey subcontractor, Westat, with the identifying information it needs to administer the survey. However, the data on borrowers and loans that is accessible to FHFA, CFPB, and any other authorized user of the NMDB, including data obtained through the NSMO, does not include any direct identifying information such as borrowers’ names, addresses, or Social Security numbers or the name of any financial institution.

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<sup>6</sup> 5 U.S.C. 552a.

<sup>7</sup> See 80 FR 52275 (Aug. 28, 2015); 81 FR 95595 (Dec. 28, 2016). Copies of the current SORN for the National Mortgage Database and a subsequent revision are included as Attachments 4a and 4b, respectively.

<sup>8</sup> See 12 U.S.C. 4544(c)(3), (4).

Westat mails a survey questionnaire to the borrower(s) on each sampled mortgage loan at the property address associated with that mortgage. It then uses an encrypted key to track the surveys so that it can compile and maintain the survey opt-out list and identify non-responders to whom it must send follow-up correspondence. All returned questionnaires and any non-delivered mail are sent directly to Westat, not to FHFA, CFPB, or Experian. To maintain the de-identified nature of the data and the confidentiality of the survey responses, Westat purges all responses of any identifying information before providing the collected information to FHFA's NMDB Program staff for further processing (which is described in Part B of this Supporting Statement).

Similarly, while Westat knows the identity of the cognitive interview pre-testing participants, that information is not conveyed to FHFA and is not included in the NMDB in any form.

## **11. Questions of a Sensitive Nature**

There are several questions on the survey that might be considered of a sensitive nature by particular borrowers. Some questions that FHFA has identified as potentially sensitive include those requesting information on loan terms, property value, employment status, major life events, income, financial difficulties, marital status, race and ethnicity.

Understandably, borrowers that have defaulted on their payments, may experience feelings of shame and embarrassment about disclosing information about those experiences and about the factors that led to them. However, policymakers must have access to accurate data that will allow them to understand the underlying reasons, so they can design and implement policies and requirements that will be effective in reducing these negative outcomes' frequency and severity. In addition, while FHFA understands that some survey recipients will be reluctant to answer questions about those sensitive topics, the agency believes that others will see doing so as an opportunity to express themselves about issues of concern to them.

## **12. Estimates of the Hour Burden of the Information Collection**

This information collection consists of two components: (1) the survey; and (2) the pre-testing of the survey questionnaire and related materials through the use of cognitive interviews. The estimates assume that FHFA will conduct the survey annually and will conduct two rounds of pre-testing on each year of survey materials.

FHFA has analyzed the total hour burden on members of the public associated with conducting the survey (4,200 hours) and with pre-testing the survey materials (24 hours) and estimates the total annual hour burden imposed on the public by this information collection to be 4,224 hours. There are no hourly costs imposed upon recipients. The burden estimate for each component of the information collection was calculated as follows:

### *I. Conducting the Survey*

The estimated annualized hour burden associated with conducting the ASMB is 4,200 hours. The ASMB questionnaire will be sent to 10,000 recipients each time the survey is conducted.

Although FHFA expects that on average only about 2,500 of those surveys will be returned, this burden estimate assumes that all the recipients will respond. The 25 minutes per survey completion time estimate includes the gathering of necessary materials to respond to the questions and is based on the reported experience of respondents to earlier ASMB questionnaires.

Recipients read and complete survey questionnaire and return the completed form to the survey subcontractor:

- Completion time per recipient: 0.42 hours
- Survey mail-outs annually: 1
- Recipients per survey: 10,000
- Total recipients annually: 10,000
- Total hours annually: 4,200 hours

## II. Pre-Testing of Survey Materials

The estimated annualized hour burden associated with the pre-testing of the survey materials is 24 hours.

Selected individuals participate in cognitive testing to pre-test the survey questionnaire and related materials:

- Participation time per person: 1 hour
- Cognitive interviews annually: 2
- Participants: 12
- Total participants annually: 24
- Total hours annually: 24 hours

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

There will be no costs imposed upon the respondents by this information collection. Postage costs to return the survey questionnaire will be pre-paid by the survey subcontractor.

### **14. Estimated Cost to the Federal Government**

The estimated annual burden to the federal government is 167 hours and \$516,700 calculated as follows:

FHFA analyst embeds ASMB data into query-based electronic database:

- Time per survey mail-out: 167 hours
- Total survey mail-outs per year: 1
- Total hours per year: 167 hours
- Hourly rate: \$100 (includes salary, benefits, and overhead)
- Total cost: \$16,700

In addition, FHFA will pay approximately \$500,000 to the survey subcontractor each time it conducts a survey. Included in this amount are approximately: \$120,000 for printing and assembly costs; \$120,000 for the cash incentive payments to survey recipients; \$60,000 for postage costs; \$50,000 for cognitive testing; and \$150,000 for other fixed costs.

\$16,700 (hourly cost) + \$500,000 (paid to subcontractor) = \$516,700.

#### **15. Reasons for Change in Burden**

The estimated burden has stayed the same since 2022.

#### **16. Plans for Tabulation, Statistical Analysis and Publication**

Following the completion of data collection for the 2024 ASMB, FHFA plans to prepare datasets for both public release and internal use. FHFA will review and process the collected survey data, using data editing, imputation, weighting, and other steps to prepare the data for analysis. For the public use dataset, FHFA will also apply disclosure avoidance protections. The public use dataset and the internal use datasets will allow data users to produce nationally-representative estimates and to conduct tailored analyses of the collected survey data.

#### **17. If Seeking Approval to Not Display the Expiration Date for OMB Approval of the Information Collection, Explain the Reasons Why Display Would Be Inappropriate**

FHFA plans to display the expiration date for OMB approval.

#### **18. Explain Each Exception to the Topics of the Certification Statement Identified in “Certification for Paperwork Reduction Act Submission.”**

There are no exceptions to the topics of the certification statement identified in the “Certification for Paperwork Reduction Act Submission.”

## **B. COLLECTIONS OF INFORMATION EMPLOYING 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.**

For the 2024 ASMB, a stratified random sample of 10,000 borrowers will be selected from the set of active, owner-occupied mortgages in the National Mortgage Database. As explained above, the NMDB is a 1-in-20 sample of all closed-end first-lien mortgages outstanding at any time between January 1998 and the present. FHFA estimates that at the end of the fourth quarter of 2023 there were about 51 million active first-lien mortgages, with owner-occupied loans accounting for approximately 93 percent of these loans. The set of active, owner-occupied mortgages in NMDB will be used as the sampling frame for selecting a sample that is representative of this universe. The sample for the 2024 ASMB will be a random sample of the active, owner-occupied mortgage loans in the NMDB at the time that the sample is drawn in mid-2024.

FHFA estimates that the ASMB will generate a 25 percent overall response rate—*i.e.*, that it will yield approximately 2,500 survey responses (factoring in the fact that some of the 10,000 surveys mailed out will not be delivered)—going forward. This estimate is based on an actual response rate for the 2023 survey of 27 percent (this yielded 2,662 survey responses).

- 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 frequently than annual) data collection cycles to reduce burden.**

The data collected by the 2024 ASMB will allow analysts to conduct tailored research on a range of research questions. Across uses, the survey design will allow analysts to produce estimates that are representative of the universe defined in the previous section, to compare outcomes across subpopulations, and to examine correlations across variables.

The sample for the 2024 ASMB will be a stratified random sample of active, owner-occupied mortgages drawn from the sampling frame described in the previous section. In drawing the sample for the 2024 ASMB, strata will be used to reduce sampling variability and improve the efficiency of survey estimates, but not to apply different sampling rates to different subpopulations. This approach will support estimates across a range of different uses, with the sample of 2,500 respondents producing estimates with a precision level of approximately  $\pm 2$

percent.

- 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.**

As explained in Item #9 in Part A, to maximize response rate, survey respondents receive a cash payment as an incentive to complete and return the questionnaire. To further increase response rates, survey recipients are also given the option of completing the survey online in either English or Spanish. The first mailing contains an insert, in both English and Spanish, which informs recipients of those options and provides the appropriate web addresses to access those electronic versions of the survey.

Both item and survey non-response are addressed using information from other sources. One advantage that the ASMB has over other surveys is the availability of credit and administrative data. These data are used to assist in the editing and imputation process. Three primary sources of such data are: (1) credit data from Experian on sample loans; (2) data on the survey respondents obtained by Experian from other sources, including loan servicers and data companies; and (3) information for loans that can be matched to HMDA files.

After editing and cleaning the survey response data, FHFA imputes missing responses using statistical models estimated based on the credit and administrative data and answers to other questions in the survey. Missing values for item non-response are imputed statistically using an iterative process. Individual statistical models are developed for each question that used the key demographic variables as well as credit or administrative data such as loan amount and credit score as regressors in linear probability, logistic, or cell-based models (since almost all variables in the survey are categorical). In all instances the imputation incorporates a random component that reflects the accuracy of the imputation model. Variables are imputed in order, with higher order variables that dictated a skip-pattern imputed first, before the variables conditioned on the pattern are to be imputed. Once the first round of imputations is completed, the process is repeated with expanded predictive linear or logistic models that incorporate some of the newly imputed variables as regressors for other variables. This iteration ensures that correlations among the imputed values will better reflect correlations among observations where responses were available.

Commonly, in survey sampling, some individuals chosen for the sample are unwilling or unable to participate in the survey. Non-response bias is the bias that results when respondents differ in meaningful ways from non-respondents. When non-response bias is present, rather than accept a poor match between the sample and the population, it is now common to use weights to bring the two more closely into line. This is known as "non-response weighting." The ASMB has extensive credit and administrative data on both responding and non-responding borrowers that will be used to estimate non-response weights.

- 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.**

FHFA uses information collected from the cognitive testing participants to assist the Agency in drafting and modifying the survey questions and instructions, as well as the related communications, to read in the way that will be most readily understood by the survey respondents and that will be most likely to elicit usable responses. Such information will also be used to help the Agency decide how best to organize and format the survey questionnaire. A copy of the most recent version of FHFA's cognitive testing protocol, which was provided to FHFA on April 18, 2024, is included as Attachment 5.

- 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 names of and contact information for individual stakeholders from FHFA, CFPB, and Experian, including those who were consulted on statistical aspects of the design and who will analyze the data, appear in the list included as Attachment 6. FHFA also consulted with the following:

The subcontractor hired by Experian to carry out the survey and the cognitive testing is:

Westat  
1600 Research Blvd,  
Rockville, MD 20850

#### **List of Attachments:**

1. Draft ASMB questionnaire to be mailed in September 2024
2. Draft ASMB communication package (in English) for 2024
3. 60-day PRA Notice published at 89 FR 14650 (Feb. 28, 2024).
4. National Mortgage Database System of Record Act Notices:
  - a. SORN published at 80 FR 52275 (Aug. 28, 2015)
  - b. Revision to SORN published at 81 FR 95595 (Dec. 28, 2016)
5. Cognitive Testing Protocol dated April 18, 2024
6. List of National Mortgage Database stakeholders