
19. Certification for Paperwork Reduction Act Submissions

On behalf of the U.S. Department of Housing and Urban Development, I certify that the collection of information encompassed by this request complies with 5 CFR 1320.9.

Note: The text of 5 CFR 1320.9, and the related provisions of 5 CFR 1320/8(b)(3) appears at the end of the instructions. The certification is to be made with reference to those regulatory provisions as set forth in the instructions.

The following is a summary of the topics, regarding the proposed collections of information that the certification covers:

- (a) It is necessary for the proper performance of agency functions;
- (b) It avoids unnecessary duplication;
- (c) It reduces burden on small entities;
- (d) It uses plain, coherent, and unambiguous terminology that is understandable to respondents;
- (e) Its implementation will be consistent and compatible with current reporting and recordkeeping practices;
- (f) It indicates the retention periods for recordkeeping requirements;
- (g) It informs respondents of the information called for under 5 CFR 1320.8(b)(3):
 - (i) Why the information is being collected;
 - (ii) Use of the information;
 - (iii) Burden estimate;
 - (iv) Nature of response (voluntary, required for a benefit, or mandatory);
 - (v) Nature and extent of confidentiality; and
 - (vi) Need to display currently valid OMB control number;
- (h) It was developed by an office that has planned and allocated resources for the efficient and effective management and use of the information to collected (see note in item 19 of the instructions);
- (i) It uses effective and efficient statistical survey methodology; and
- (j) It makes appropriate use of information technology.

If you are unable to certify compliance with any of these provisions, identify the item below and explain the reason in item 18 of the Supporting Statement.

Signature of Program Official:

Date:

X
Kevin Perkins, Director Organizational Policy, Planning and Analysis Division, HROA

Signature of Senior Officer or Designee:

Date:

X
Lillian Deitzer, Departmental Reports Management Officer,
Office of the Chief Information Officer

Supporting Statement for Paperwork Reduction Act Submissions

Direct Endorsement Underwriter/HUD Reviewer – Analysis of Appraisal Report OMB Control Number 2502-0477 (Form HUD-54114)

A. Justification

1. Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) requires that “all appraisals performed in connection with federally insured transactions shall be performed only by individuals certified or licensed in accordance with the requirements of...Title XI.” Uniform Standards of Professional Appraisal Practice state in Standards Rule 3 that, “review appraisers should not sign the report under review unless they intend to take the responsibility of a cosigner. A separate report or letter...may be an appropriate method for separating the review from the actual signing of the report.” As a result of these requirements, individual States will not permit anyone other than the licensed or certified appraiser to write on the report. Previously, an underwriter or reviewer wrote comments related to their analysis directly on the appraisal report and signed their name as the reviewer. Typically, underwriters are not licensed or certified appraisers and therefore, this form is necessary to provide them with a consistent method of documenting the analysis and acceptability of the appraisal report. Regulations are found at 12 U.S.C. 3347-3351, Title 12—Banks and Banking, Chapter 34A—Appraisal Subcommittee of Federal Financial Institutions Examination Council.
2. This information is provided by lenders or FHA staff reviewers and collected only when the reviewer must comment on deficient information contained in the appraisal report. The information collected is used by FHA in monitoring the quality of the lender’s analysis of the appraisal report, identifying areas of weakness for future training, and removing lenders that consistently exhibit careless underwriting and subsequently affect the risk to the Department.
3. Effective January 1, 2006, Direct Endorsement Mortgagee lenders who elect to participate in Business to Government (B2G) can electronically submit the form to HUD.
4. No duplication exists because each appraisal report is unique.
5. The information collected does not affect small businesses. The burden associated with this process is the minimum needed to make certain the integrity of the FHA insurance fund is maintained.
6. If this information is not collected, the agency would be at risk due to possibly inaccurate, overvalued appraisal reports. This mechanism provides a consistent means for reviewers to document the required detailed analysis of the appraisal report as well as to alert FHA staff to both appraisers and underwriters that may need remedial instructions.
7. There are no special circumstances required in this information collection.

8. Lenders and director endorsement (DE) underwriters were surveyed in developing the form, they both expressed a desire for a consistent and clear format for reviewing appraisals since it is not appropriate to write on the appraisal itself. Also, completion of the form itself is neither mandatory nor needed on all appraisals; rather, it is a convenient and recognized method for commenting on appraisal reports deemed deficient, and when clarifying comments are needed to support the decision to accept the appraisal report and its value. The Notice announcing the collection of information appeared in the Federal Register on June 7, 2006 (Vol. 71, No. 109, page 32994-32995).

1. Bill Schuler, Santa Ana HOC “HUD form 54114 is only used when the underwriter wants to Change the value of the appraisal report”. This does not happen that often
2. Larry Thompson, Denver HOC “It is not that frequent that an underwriter will use HUD form 54114 to change the value of an appraisal report”.
3. James Gullatte, Atlanta HOC “on occasion we see the HUD form in case binder but not that often. Underwriters do not like to make a value changes to appraisal.”
4. Gerry Glavey, Philadelphia HOC “ They see the HUD form 54114 often, this is the only way underwriter can comment on the appraisal report.

9. No payments, gifts, or any remuneration are given to the respondents.

10. There are no assurances of confidentiality provided to respondents. Completed HUD-54114 forms may be obtained through the Freedom of Information Act.

11. There are no questions posed of a sensitive nature or that are commonly considered private.

12. Annual Burden Estimate:

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
HUD-54114	*375,000	1	375,000	.05	18,750	\$30.00	\$562,500

*The hourly cost is based on the staff preparation time and review of Form HUD-54114

13. There are no additional costs to respondents.

14. Annual Cost to the Federal Government:

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
HUD-54114	*375,000	1	375,000	.05	18,750	\$30.00	\$562,500

*Cost estimates for the Federal Government are based on a \$30 per-hour cost that includes overhead, staff preparation time, and review. The cost related to the Federal Government relates to the review of direct endorsement cases that is estimated to be 5 percent of the respondent’s cases reviewed (18,750 x 5 percent = 1,875 x \$30.00 = \$56,250).

15. This is an extension of a currently approved information collection.

16. There are no plans to publish this information.

17. We are not requesting an exemption to displaying the expiration date.

18. There are no exceptions to the certification statement in item 19 of the OMB 83-I.

B. Collections of Information Employing Statistical Methods

This collection of information does not employ statistical methods.

