

Paperwork Reduction Act Submission

Please read the instruction before completing this form. For additional forms or assistance in completing this forms, contact your agency's Paperwork Reduction Officer. Send two copies of this form, the collection instrument to be reviewed, the Supporting Statement, and any additional documentation to: Office of Information and Regulatory Affairs, Office of Management and Budget, Docket Library, Room 10102, 725 Seventeenth St. NW, Washington, DC 20503.

1. Agency/Subagency Originating Request: U.S. Department of Housing and Urban Development Single Family Housing – Office of Single Family Program Development		2. OMB Control Number: a. 2502-0547 b. None	
3. Type of information collection: (check one) a. <input type="checkbox"/> New Collection b. <input type="checkbox"/> Revision of a currently approved collection c. <input checked="" type="checkbox"/> Extension of a currently approved collection d. <input type="checkbox"/> Reinstatement, without change , of previously approved collection for which approval has expired e. <input type="checkbox"/> Reinstatement, with change , of previously approved collection for which approval has expired f. <input type="checkbox"/> Existing collection in use without an OMB control number For b-f, note item A2 of Supporting Statement instructions.		4. Type of review requested: (check one) a. <input checked="" type="checkbox"/> Regular b. <input type="checkbox"/> Emergency - Approval requested by c. <input type="checkbox"/> Delegated 5. Small entities: Will this information collection have a significant economic impact on a substantial number of small entities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 6. Requested expiration date: a. <input checked="" type="checkbox"/> Three years from approval date b. <input type="checkbox"/> Other (specify)	
7. Title: Owner of Record and Re-sale Data to Preclude Predatory Lending Practices (Property Flipping) on FHA Insured Mortgages			
8. Agency form number(s): (if applicable) None			
9. Keywords: Housing, Mortgage, Predatory Lending, Property Flipping			
10. Abstract: For all loans for purchase money mortgages, lenders must obtain and submit to HUD documentation that the seller is the owner of record and that the transaction does not involve any sale or assignment of the sales contract. For properties resold with one year of acquisition by the seller (with limited exceptions), or if the sales price exceeds HUD's threshold for an area, additional appraisal requirements may apply. HUD uses the information to ensure that purchasers are not victims of predatory sales or lending practices.			
11. Affected public: (mark primary with "P" and all others that apply with "X") a. Individuals or households e. Farms b. P Business or other for-profit f. Federal Government c. Not-for-profit institutions g. State, Local or Tribal Government		12. Obligation to respond: (mark primary with "P" and all others that apply with "X") a. Voluntary b. P Required to obtain or retain benefits c. Mandatory	
13. Annual reporting and recordkeeping hour burden: a. Number of respondents 12,000 b. Total annual responses 514,000 Percentage of these responses collected electronically 7% c. Total annual hours requested 19,000 d. Current OMB inventory 27,500 e. Difference (+,-) -8,500 f. Explanation of difference: 1. Program change: 2. Adjustment: -8,500		14. Annual reporting and recordkeeping cost burden: (in thousands of dollars) Do not include costs based on the hours in item 13. a. Total annualized capital/startup costs \$0.00 b. Total annual costs (O&M) \$0.00 c. Total annualized cost requested \$0.00 d. Total annual cost requested \$0.00 e. Current OMB inventory \$0.00 f. Explanation of difference: 1. Program change: 2. Adjustment:	
15. Purpose of Information collection: (mark primary with "P" and all others that apply with "X") a. P Application for benefits e. Program planning or management b. Program evaluation f. Research c. General purpose statistics g. X Regulatory or compliance d. Audit		16. Frequency of recordkeeping or reporting: (check all that apply) a. <input checked="" type="checkbox"/> Recordkeeping b. <input type="checkbox"/> Third party disclosure c. <input checked="" type="checkbox"/> Reporting: 1. <input checked="" type="checkbox"/> On occasion 2. <input type="checkbox"/> Weekly 3. <input type="checkbox"/> Monthly 4. <input type="checkbox"/> Quarterly 5. <input type="checkbox"/> Semi-annually 6. <input type="checkbox"/> Annually 7. <input type="checkbox"/> Biennially 8. <input type="checkbox"/> Other (describe)	
17. Statistical methods: Does this information collection employ statistical methods? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		18. Agency contact: (person who can best answer questions regarding the content of this submission) Name: James Beavers Phone: 202-708-2121 ext. 2205	

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
Michael E. Winiarski, Acting 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

Owner of Record and Re-sale Data to Preclude Predatory Lending Practices (Property Flipping) on FHA Insured Mortgages OMB Control Number 2502-0547

A. Justification

1. Property flipping, a major form of predatory lending, is a practice whereby a recently acquired property is resold for a considerable profit with an artificially inflated value. Victims of predatory lending often default, causing losses to the FHA's Insurance Fund. HUD's Single Family Mortgage Insurance regulations at 24 CFR 203.37a prescribe requirements regarding the eligibility of properties for FHA mortgage insurance, and are designed to protect FHA borrowers from becoming victims of property flipping.
2. The respondents are the approximately 12,000 FHA lenders making loans for purchase money mortgages. HUD uses the information collected to ensure that properties are not involved in property flipping schemes. Lenders must obtain documentation that the seller is the owner of record and that the transaction does not involve any sale or assignment of the sales contract. The lender must submit this documentation to HUD as part of the application for mortgage insurance, in accordance with §203.255(b)(12). This documentation may include, but is not limited to, a property sales history report, a copy of the recorded deed from the seller, or other documentation (such as a copy of a property tax bill, title commitment, or binder) demonstrating the seller's ownership. Appropriate documentation must be maintained in the loan file.

For re-sales more than 90 days from the date of acquisition by the seller, based upon the date of settlement, the lender must obtain additional documentation and submit it to HUD as part of the application for mortgage insurance, in accordance with §203.255(b).

- If the re-sale date is between 91 days and 180 days following acquisition by the seller, the lender must obtain additional documentation if the re-sale price is 100 percent over the purchase price. Such documentation must include an appraisal from another appraiser. The lender may also document its loan file to support the increased value by establishing that the increased value results from the rehabilitation of the property.
 - If the re-sale date is more than 90 days after the date of acquisition by the seller, but before the end of the twelfth month after the date of acquisition, the lender provide additional documentation to support the re-sale value of the property if the re-sale price is 5 percent or more greater than the lowest sales price of the property during the preceding 12 months (as evidenced by the contract of sale). Such documentation must include, but is not limited to, an appraisal from another appraiser.
3. Lenders may avail themselves to new technology, primarily property sales history reports, to determine if the property will be eligible for a mortgage insured by FHA. However, the lender must include the results of such reports in the case binder submitted to FHA for mortgage insurance endorsement. Approximately seven percent of FHA-approved lenders use electronic case binders and submit information electronically to HUD. Most lenders will continue to rely on established procedures such as reviewing the information reported on the preliminary title insurance report.
 4. No similar type of information collection currently exists.
 5. This information has no significant impact on small businesses or other small entities.
 6. Without obtaining the documentation that the seller was the owner of record and that the most recent resale of the property occurred at least 91 days previously, FHA would not be able to determine if violations of the property-flipping rule had occurred. Without the ability to require additional documentation to support the

value of the underlying collateral, FHA would not be able to determine if the value was recognized by the marketplace or was inflated by possible collusion among the appraiser, the seller, and the lender.

7. Lenders are required to keep this information in the loan file for the duration of the mortgage, which in some cases may be as long as 30 years. This is a standard business practice and no burden is ascribed.
8. In accordance with 5 CFR 1320.8(d), the agency’s notice soliciting comments from the public was published in the *Federal Register* on September 28, 2006 (Volume 71, Number 188, page 57002). No comments were received. Consultation with FHA lenders regarding application for loan insurance is continuous.
9. No payments or gifts are provided to respondents.
10. No assurances of confidentiality are provided.
11. There are no questions of a sensitive nature.
12. FHA insures about 500,000 purchase money mortgages annually. There is no specific form or format.

Information Collection	Number of Respondents	Frequency of Response	Total Annual Responses	Burden Hours per Response	Total Annual Burden Hours	Hourly Cost	Total Annual Cost
Ownership and resale documentation	12,000	Varies	500,000	0.01	5,000	\$20	\$100,000
Additional appraisals within 180 days	12,000	Varies	5,000	1.00	5,000	\$35	175,000
Additional appraisals within 1 year	12,000	Varies	9,000	1.00	9,000	\$35	315,000
Total	12,000		514,000		19,000		\$590,000

Hourly costs are based on estimates the annual salaries of lender clerical personnel at \$40,000 and review appraisers/underwriters at \$70,000.

13. There are no additional costs to the respondents.
14. HUD examines one in ten case binders for compliance with the documentation requirements.

	Total Reviews	Burden Hours per Review	Annual Hours	Hourly Cost	Total Annual Cost
Case Binder Review	50,000	1.0	50,000	\$42	\$2,100,000

Hourly cost is based on the annual salary of a GS-13 midpoint.

15. This is an extension of a currently approved collection. The number of respondents has decreased to show the actual lenders rather than the number of mortgages made. The number of responses and the resulting burden hours have decreased as FHA’s market share has declined. This submission also includes the number of additional appraisals required.
16. The results of the information collected will not be published.
17. HUD is not seeking approval to avoid displaying the expiration date.
18. 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 collection of information does not employ statistical methods.