

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 Federal Housing Administration—Office of Single Family Program Development	2. OMB Control Number: a. 2502-0404 b. <input type="checkbox"/> None
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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)
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7. Title:
Requirements For Single Family Mortgage Instruments

8. Agency form number(s): (if applicable)
None

9. Keywords:
Housing, Mortgages, Single Family, Adjustable Rate Mortgages, Lenders

10. Abstract:
This information is used to verify that a mortgage has been properly recorded and is eligible for FHA mortgage insurance.

11. Affected public: (mark primary with "P" and all others that apply with "X") a. P Individuals or households e. Farms b. X 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
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13. Annual reporting and recordkeeping hour burden: a. Number of respondents 9,000 b. Total annual responses 9,000 Percentage of these responses collected electronically 0% c. Total annual hours requested 4,500 d. Current OMB inventory 4,500 e. Difference (+,-) -0 f. Explanation of difference: 1. Program change: 2. Adjustment: 0	14. Annual reporting and recordkeeping cost burden: (in thousands of dollars) a. Total annualized capital/startup costs b. Total annual costs (O&M) c. Total annualized cost requested d. Total annual cost requested e. Current OMB inventory f. Explanation of difference: 1. Program change: 2. Adjustment:
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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 type="checkbox"/> Recordkeeping b. <input type="checkbox"/> Third party disclosure b. <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"/> Biannually 8. <input type="checkbox"/> Other (describe)
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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: Richard Bradley Phone: 202-708-2121 x2326
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19. Certification for Paperwork Reduction Act Submissions

On behalf of this Federal Agency, 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). Appear 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: X Mike Winiarski, Director, Organizational Policy, Planning and Analysis Division, HROA	Date:
Signature of Senior Officer or Designee: X Lillian Deitzer, Departmental Reports Management Officer	Date:

Supporting Statement for Paperwork Reduction Act Submissions

Requirements for Single Family Mortgage Instruments OMB Number 2502-0404

A. Justification

1. FHA insures single-family mortgages and stipulates the specific provisions needed for mortgage instruments as required by statutory and regulatory provisions. Regulation 24 CFR 203.255 (b)(3) - Accompanying documents required by the Secretary – states the requirements for applications for insurance involving mortgages originated under the Direct Endorsement program under 24 CFR 203.5. One requirement is for the mortgagee to submit to the Secretary, within 60 days after the date of closing of the loan or such additional time as permitted by the Secretary, properly completed documentation and certifications, including a certified copy of the mortgage and note executed upon forms which meet the requirements of the Secretary.
2. The lender or designee prepares the mortgage and mortgage note that are to be insured by the Department. In accordance with the subject policy, the lender must include language in the mortgage, mortgage note, deed of trust, etc., that accomplishes the requirements of the Department for mortgage insurance. The lender must ensure that the mortgage and the note contain these provisions and do not include provisions that conflict. If these requirements are not observed, FHA may insure a mortgage that fails to comply with statutory and regulatory requirements established to protect the interest of the government.

For each mortgage, the lender or designee must provide the name of the mortgagor, the legal description of the property, and the term and rate of the mortgage to be insured. A lender must develop or procure mortgage and note forms that comply with both HUD and applicable state and local requirements for a recordable and enforceable mortgage. Proof of recoding is often found on the document; a recorded document normally has a seal or other marking that indicates where it may be found in the land records. Either proof of recordation or a certified copy of the document with the recordation seal will meet this requirement.

3. The required part of the mortgage and note may be computerized; there are no legal or technical obstacles to such automatation that may reduce the burden for the respondent. HUD is moving toward e-endorsement, but much work is still to be done. E-endorsement will allow lenders to submit their cases for insurance electronically. HUD expects to be able to offer this option to lenders in FY 06. Currently, to be eligible for endorsement, lenders are still required to submit the case binder in accordance with Handbook 4165.1. Requirements for the case binder include a certified copy of all financial instruments.
4. There is no duplication of effort. Each requirement is made only once for each FHA-insured loan.
5. Typically, small business are not involved in the mortgage application process and no attempt was made to modify the requirements to accommodate small businesses. The Department believes that the burden estimate associated with these information collections are the minimum needed to make certain that statutory and regulatory requirements are being met and the integrity of the insurance fund is maintained.
6. The Department will not be able to verify that a mortgage has been properly recorded and is eligible for FHA mortgage insurance if the information is not collected. FHA could be at risk by paying claims for benefits on mortgages not insured by the government.
7. The collections are made at minimum frequency, that is, once per loan transaction. To obtain benefits under the single-family mortgage insurance programs, a lender must retain a copy of these instruments for the duration of the mortgage, which can be up to 30 years. This need is inherent in the nature of the transaction.

To only require retention of such documents for three years would be inconsistent with the FHA's risk management policies because of the length of most mortgages (10 – 30 years).

8. In accordance with 5 CFR Part 1320.8(d), this information collection requirement was announced for public comment in the Federal Register on May 19, 2008 (Vol. 73, No. 97, pages 28835 – 28836)... (comments).

HUD did not consult with mortgagees regarding this information collection. These document are the basics of mortgage lending; lenders must have them to secure their interest in the property. Many local governments have statutes that control them; this is not solely a HUD requirement. The burden estimate was based on experience of legal and program staff in mortgage transactions, and the recognition that most mortgage documents are drawn up electronically with only minimal human intervention (i.e., adding name, property address, loan amount, rate and terms).

9. No gifts or any payments are provided to respondents.
10. No assurance of confidentiality is provided, nor is such appropriate or feasible. Mortgages must be publicly recorded for them to be enforceable.
11. There are no questions of a sensitive nature requiring justification.
12. The Department expects the time to complete the mortgage and the mortgage note (which require only several entries to existing model mortgages and notes) to be 30 minutes (burden per response .5 hours). The number of responses is estimated to be 9,000 making the total number of burden hours 4,500.

The average cost to the lender for each mortgage transaction is approximately eight dollars (\$8.00) for modifying standard mortgage documents to comply with FHA requirements; and to complete the appropriate information that identifies the borrower, the property, and the terms of the mortgage loan. Most require only minor entries on a computer.

These estimates reflect the informed judgment of program staff. The Department estimates that the number of responses and the associated burden will be relatively constant for the next three years.

Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Cost per Burden Hour	Total Annual Cost
9,000	1	9,000	0.5	4,500	\$16.00	\$72,000

The \$16.00 hourly rate is based on clerical wage. Financial Instruments are prepared by the lender as a requirement of State and local laws, and as a requirement for FHA insurance. Processing these forms is often accomplished automatically; however, small lenders may still complete these forms manually. The closing department of most lenders has responsibility for preparing the closing package, including the mortgage and note. This is a clerical function.

13. There are no additional costs to respondents.
14. There is no cost to the Federal government involved in implementation of these requirements.
15. This is an extension of a currently approved collection. There are no change or adjustments to Item 13 of the OMB 83-I.
16. The results of this collection will not be published.
17. HUD is not seeking approval to avoid displaying the expiration date of the OMB approval.

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

This information collection does not employ statistical methods.