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## 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:  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

## Request for Credit Approval of Substitute Mortgagor OMB Control Number 2502-0036 (HUD-92210)

### A. Justification

1. Section 204(b) of the National Housing Act (P.L. 479, 48 Stat. 1246, 12 U.S.C. 17010(b).) provides that the Secretary may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.
2. The respondents are FHA lenders seeking HUD approval to substitute a purchaser and release a seller from liability on an FHA-insured mortgage. Approximately 100 lenders annually request such approval an average of four forms each, for a total of 400 cases per year. Form HUD-92210, Request for Credit Approval of Substitute Mortgagor, is both an application to approve the credit of a substitute mortgagor who desires to assume an FHA-insured mortgage, and a notification record to document the file that the substitute mortgagor is financially acceptable. The form and supporting documents must be sent to the local HUD office for processing and execution or may be executed by the mortgagee if they are a Direct Endorsement (DE) lender. A seller permitting the assumption of a HUD-insured mortgage generally does not want to continue to be liable for the payment of the debt; and for recent loan assumptions HUD does not permit the assumption without prior credit approval of each assumer.

HUD would generally look to the seller for payment in the event of default on a mortgage note. However, the buyer-assumer is substituted as being liable for payment if HUD agrees to the request submitted by the mortgage lender. Under HUD's Single Family mortgage insurance programs, some insured mortgages are freely assumable, i.e., a mortgagor can sell his property and let the buyer assume the obligation on the insured mortgage and the buyer pays the difference between the outstanding balance on the insured mortgage and the sales price of the property. If the seller, however, wishes to be released from any financial liability for a deficiency occurring as a result of foreclosure of the insured mortgage, or if the firm commitment was issued on or after December 15, 1989, HUD's approval of the assumption must be obtained. Form HUD-92210 is used for this purpose.

HUD's release of the mortgagor from financial liability on the insured mortgage is not a release by the mortgagee of the mortgagor. Failure to release the seller does not always prohibit the assumption, except in those instances in which (a) a clause has been added to the mortgage which requires approval of the assuming mortgagor when the sale occurs in the first 12 or 24 months of the mortgage term, or (b) a mortgage had a firm commitment issued on or after December 15, 1989. Those mortgages are not freely assumable.

Form HUD-92210.1 is issued by the mortgagee to the seller to release the seller from any financial obligation arising in connection with the security instruments executed in the case. It insures that no deficiency judgment will be taken against the seller if the FHA-insured mortgage is foreclosed. The form is to be retained by the seller. Should the seller apply for an FHA-insured loan on another property, the seller should deliver the form to the mortgage lender for that loan.

3. This information is not collected electronically. This form requires credit worthiness review and must be maintained on file by the mortgagee. There is no plan to automate this form because it collects the credit history and financial capacity of a buyer, which is new information, and is not already on file.

4. This information is not collected elsewhere. A review of Single Family Housing forms confirms that no other forms provide this particular information.
5. The collection of this information will not have a significant impact on small businesses or other small entities.
6. The information collection is necessary because it expedites the preparation and submission of a request for substitute mortgagor approval by the mortgagee, and enables the Department to provide an affirmative notification with a minimum of staff involvement.
7. To expedite the preparation and submission of a request for substitute mortgagor approval by the mortgagee, information is submitted within 30 days of the change. There are no other special circumstances in the collection of this information.
8. In accordance with 5 CFR 1320.8(d), the agency's notice soliciting public comments was announced in the *Federal Register* on May 19, 2008 (Vol. 73, No. 97, page 28832 - 28833). No comments were received.  
The agency has also contacted individuals who normally submit or review this information. These agencies include the Mortgage Bankers Association (MBA) (Vicki Vidal), Countrywide Home Mortgage (Kim Lott), and Bank of America (Allen Jones). They were contacted by means of telephone. None of the contacts had any complaints on the availability of the data, frequency of collection, clarity of instructions, format of recordkeeping, disclosure, reporting, or the data elements to be collected.
9. The collection of this information does not provide for any payment or gift to respondents.
10. The form HUD-92210 contains the purchaser's social security number. This information is required to enable HUD to obtain income information about the applicant in order to verify the applicant's eligibility under the FHA assumption procedure. The United States Department of Housing and Urban Development, Federal Housing Administration, is authorized to solicit the information requested on this form by virtue of Title 12, United States Code, Section 1701 et seq. The Housing and Community Development Act of 1987, U.S.C. 3543 authorized HUD to collect Employer ID and/or Social Security Numbers. These numbers are used to provide information to the IRS regarding payment of commissions or other fees. HUD may also disclose this information to Federal, State, and local agencies when relevant to civil, criminal, or regulatory investigations and prosecutions. It will not be otherwise disclosed or released outside of HUD, except as required and permitted by law. Failure to provide the Employer ID Number or Social Security Number could affect your participation in HUD's FHA Insurance Program.
11. There are no questions of a sensitive nature.
12. Estimated burden to respondents:

The time required per response includes preparation of the exhibits that must be submitted with the form HUD-92210. These include a fully completed Uniform Residential Loan Application (URLA) and form HUD-92900-A, Addendum to URLA (both approved under OMB control number 2502-0059); a credit report, industry accepted Verification of Employment and Verification of Deposit, and a signed certified copy of the Sales Contract.

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Hours Per Response	Total Hours	Hourly Cost	Annual Cost
HUD-92210 and supporting documents	100	4	400	1	400	\$24.95	\$9,980

HUD 92210.1	100	4	400	.50	200	\$24.95	\$4,990
HUD 92900-A	100	4	400	.50	200	\$24.95	\$4,990
<b>Totals</b>	<b>100</b>		<b>400</b>		<b>800</b>		<b>\$19,960</b>

The hourly rate is based on lender personnel salaries of approximately \$35,000 annually.

13. There are no additional costs to the respondents.

14. Estimated cost to the Federal Government:

Information Collection	Responses Per Annum	Hours Per Response	Total Hours	Hourly Cost	Annual Cost
<b>HUD-92210</b>	<b>100</b>	<b>.5</b>	<b>.50</b>	<b>\$25.00</b>	<b>\$12,500</b>

The cost of processing by HUD staff is based on an average Grade 11 @ approximately \$24.95 per hour.

15. The adjustment reported in Item 13 on the OMB 83i is due to a decrease in FHA lenders seeking HUD approval to substitute a purchaser and release a seller from liability on an FHA-insured mortgage. This is an extension of a currently approved collection. Using a loan assumption to purchase an existing loan is generally not cost effective for the purchaser. The mortgagor can, in most instances, find new financing at the existing loan rate or possibly a lower rate. Higher interest rates on assumable loans, combined with rising amounts of equity that purchasers will have to pay the previous owners, makes loan assumptions less attractive to purchasers. The HUD 92210.1 was previously added in 2005 for this information collection request. This document is retained by the seller and acknowledges the release from financial obligation arising from the sell of the property.

16. The results of this information collection will not be published.

17. HUD is not seeking approval to avoid displaying the OMB 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**

This information collection does not employ statistical methods.