
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), 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 Michael E. Winiaraski, Deputy Director, Organizational Policy, Planning and Analysis Division, HROA	Date:
Signature of Senior Officer or Designee: Lillian Deitzer, Departmental Reports Management Officer	Date:

Supporting Statement for Paperwork Reduction Act Submissions

Application for HUD/FHA Insured Mortgage “HOPE for Homeowners”

Model HOPE for Homeowners Consumer Disclosure and Certification Form, Model Understanding Key Provisions of Appreciation Sharing, Model Appreciation Sharing Worksheet and Certification, Shared Equity Note and Mortgage, Shared Appreciation Note and Mortgage

A. JUSTIFICATION

1. Why this information is necessary:

The HOPE for Homeowners Act of 2008, located in Title IV of Division A of the Housing and Economic Recovery Act of 2008 (HERA) (Public Law 110-289, 122 Stat. 2654, approved July 30, 2008), amended Title II of the National Housing Act to add a new section 257. New section 257 (12 U.S.C. 1701z-22) established within the Federal Housing Administration (FHA), HOPE for Homeowners, a temporary FHA program that offers homeowners and existing mortgage loan holders (or servicers acting on their behalf) insurance on the refinancing of loans for distressed mortgagors. Regulations published in 24 CFR 4001.01 through 24 CFR 4001.408 detail the requirements pertinent to HUD’s single family mortgage insurance programs, i.e., the eligibility requirements and underwriting procedures, which are determined by the documents included in this clearance package.

“Under the Program, new mortgages are offered by FHA-approved mortgagees to mortgagors who are at risk of losing their homes to foreclosure. The new FHA-insured mortgages refinance the borrower’s existing mortgage at a significant write-down. Eligible borrowers must be unable to afford their existing mortgage payments, must occupy the residence that is the security for the refinanced mortgage as their primary residence, and may not have any present ownership interest in another residence. Investors and investor properties are not eligible for the FHA-insured refinanced mortgages. Under the Program, participating mortgagors share their new equity and future appreciation with FHA. Additionally, participation in this Program is voluntary. No mortgagors, servicers, or investors are compelled to participate.

Section 257 of the NHA prohibits the new mortgage loan insured by FHA from exceeding 96.5 percent of the appraised value of the property that is security for the mortgage, or 132 percent of the dollar amount limitation in effect for 2007 under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C.. 1454(a)(2)) for a property of applicable size. In addition, section 257 also provides that the term of the FHA-insured refinanced mortgage shall have a maturity of not less than 30 years, and must bear a single rate of interest that is fixed for the entire term of the mortgage. Section 257 directs that a mortgagor participating in the Program may not grant a new junior lien on the mortgaged property during the first 5 years of the term of the mortgage insured under the Program, except as the Board may determine is necessary to ensure the maintenance of property standards, and subject to the requirements that any new outstanding liens (1) do not reduce the value of FHA’s equity in the mortgagor’s home; and (2) when combined with the mortgagor’s existing mortgage indebtedness, do not exceed 95 percent of the home’s appraised value at the time of the new junior lien.”

Without the information provided by the forms HUD-92900-A, HOPE for Homeowners Consumer Disclosure and Certification Form, Understanding Key Provisions of Appreciation Sharing, Appreciation Sharing Worksheet and Certification, Shared Equity Note and Mortgage, Shared Appreciation Note and Mortgage, the Board would have difficulty determining eligibility and, consequently, the insurance fund for the single-family mortgage insurance programs would be placed in jeopardy. The existing form HUD 92900-A will be used for the HOPE for Homeowners Lender and Underwriter General Certification. The HOPE for

Homeowners Consumer Disclosure and Certification Form will be used by prospective mortgagees to disclose special restrictions of the Program and to obtain the mortgagor's certification that he/she has not: intentionally defaulted on their existing mortgage or any other debt, been convicted of fraud in the past 10 years, and did not knowingly or willfully furnish material false information for the purpose of obtaining their existing mortgage. The Appreciation Sharing worksheet will be used by the mortgagees to calculate the dollar amount that each subordinate lien holder could receive in the form of an upfront payment, the maximum dollar amount that each subordinate mortgage lien holder could receive from HUD's share of future appreciation, if any, and obtain the lien holder's signature acknowledging it has read and accepts the terms of the Appreciation Worksheet and is prepared to execute a full release of its lien in exchange for either an upfront payment or future appreciation share. The Shared Equity Mortgage and Shared Appreciation Mortgage will protect HUD's interests in the equity and appreciation in the property.

2. How this information will be used:

Lenders obtain information from borrowers in the normal course of business. HUD does not ascribe burden hours to information provided by the borrowers. Lenders report information to FHA for the purpose of obtaining mortgage insurance. The specific items of this information collection are as follows:

- a. The underwriter must determine that the borrower's total monthly mortgage payment on the new H4H loan *is less than* the borrower's aggregate total monthly mortgage payment on his or her existing (non-H4H) mortgage(s), including any subordinate mortgage liens, based on a fully-indexed, fully-amortizing PITI payment. Additionally, the lender must determine the borrower's payment to income ratio on their existing mortgage loan(s) is greater than 31% as of March 2008. These calculations are specific to the H4H program and HUD ascribes burden hours.
- b. The underwriter must determine that the payment-to-income and debt-to-income ratios are at, or below, 31 percent and 43 percent, respectively on loans with a loan to value between 90.01 percent and 96.5 percent; and at or below 38 percent and 50 percent, respectively for loans with a maximum loan to value of 90 percent.
- c. In addition to standard FHA policies regarding documentation and verification of employment and income, the underwriter must also review income as reported on the transcript of the borrower's income tax returns or a copy of the borrower's income tax returns obtained directly from the IRS for the previous **two years**. It is industry practice to obtain this information on select files, since this will be required in all cases.
- d. The Lender and Underwriter must execute the 'HOPE for Homeowners Certification.' (HUD 92916-H4H)
- e. The file must contain evidence the mortgage being refinanced was originated on/before January 1, 2008. It is industry practice in refinance transactions to obtain information on the existing loan, thus HUD ascribes no burden hours.
- f. The lender must provide the 'HOPE for Homeowners Consumer Disclosure and Certification', (HUD 92915-H4H) signed and dated by the borrower at the time of initial application and when final documents are executed.
- g. The lender must provide the borrower with payoff statements, from the existing lien holders, for his/her review, and request that the borrower notify the originating lender of any discrepancies within 5 days of receipt. It is industry practice to obtain payoffs from existing lien holders, however HUD ascribes

8. In accordance with the requirements of 5 CFR 1320.8(d), the Notice soliciting comments on this collection of information was published in the Federal Register on December 16, 2008 (Volume 73, Number 242 page 73672). (comments)
9. There are no gifts or other type payments made to respondents.
10. The Privacy Act Statement provided in form HUD-92900-A Section III, "Notice to Borrowers" furnishes the authority for the collection of the information requested and the assurance of confidentiality as established by law. Information regarding the borrower's financial status and income data are only used to determine eligibility. The form HUD 92900-A is covered under OMB 2502-0059.
11. This information collection does not contain any questions of a sensitive nature.
12. Estimate of public burden.

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
HOPE for Homeowners Certification	8,000	1 per loan	133,000	1.0	133,000	\$36.26	\$4,822,580
HOPE for Homeowners Consumer Disclosure and Certification	8,000	1 per loan	133,000	.5	66,500	\$36.26	\$2,411,290
SEM	8,000	1 per loan	133,000	.25	133,000	\$36.26	\$1,205,645
SAM	8,000	1 per loan	133,000	.25	133,000	\$36.26	\$1,205,645
Appreciation Worksheet	8,000	1 per loan	133,000	2.0	266,000	\$36.26	\$9,645,160
Eligibility Debt to Income ration as of March 2008	8,000	1 per loan	133,000	.50	66,500	\$36.26	\$2,411,290
Qualifying Debt to Income Ratio	8,000	1 per loan	133,000	.25	33,250	\$36.26	\$1,205,645
92900-LT	8,000	1 per loan	133,000	.10	13,300	\$36.26	\$482,258
Obtain tax returns or transcripts from IRS	8,000	1 per loan	133,000	.25	33,250	\$36.26	\$1,205,645
Provide payoff statements to borrower	8,000	1 per loan	133,000	.25	33,250	\$36.26	\$1,205,645
Evidence Fraud warning is a false positive	8,000	1 per qualifying loan	2,660	.25	665	\$36.26	\$24,112.90
Totals	8,000		1,332,660		911,715		\$25,824,915.90

Respondents are the FHA approved Mortgagees, whose number totals approximately 8,000.

For the estimates of the cost burden to the public resulting from the collection of information, HUD interviewed lenders from small, medium, and large mortgage companies. HUD spoke with Judith Smith of Judith O. Smith Mortgage Group, Lauri Siebenthall of PrimeLending, Tonia Gustafson of Wells Fargo, Brenda Walker of the Kentucky Housing Corporation, and David Wescott of the Florida Housing Finance Corporation.

For the burden hour estimates, HUD uses the longest estimated time to account for manual process where needed. The one hour estimate for the HOPE for Homeowners certification was derived from information provided by Ms. Gustafson. She noted that the process will require multiple manual processes, including finding, tracking and identifying the original loan.

Ms. Gustafson, Ms. Siebenthall, and Ms. Smith each indicated that the appreciation sharing worksheet would require lenders to explain the H4H loan to subordinate lien holders, who tend to be smaller lenders. It also may necessitate extra discussion time to identify the person within the organization with the proper authority to extinguish the lien.

Ms. Siebenthall indicated that once the additional form requirements were incorporated into their current automated process, the processing of H4H loans would not create a substantial number of additional burden hours for staff.

Additionally, HUD used the Congressional Budget Office estimate that the H4H program will serve 400,000 homeowners over the 3 year period. We used one-third of that total for the annual frequency of response.

13. There are no additional costs to respondents.
14. The annualized cost estimates for the Federal Government are based on a \$36.26 per hour costs that is based on a GS-12 staff review.

The cost to the Federal Government relates the review of direct endorsement and lender insurance cases.

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
Case Binder Review	1	75% of loans submitted for insurance	133,000	1.0	99,750	36.26	\$3,616.935.00

15. This is a new submission to cover information collection required to meet the statutory and regulatory requirements of the HOPE for Homeowners Program established in Title IV of the Housing and Economic Recovery Act of 2008.
16. This information collection does not include results that will be published.
17. We are 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

The collection of information does not employ statistical methods.