
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:

Michael Winiarski, Deputy 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

FHA Lender Approval, Annual Renewal, Periodic Updates and Noncompliance Reports by FHA Approved Lenders OMB Control Number 2502-0005

(Forms HUD-92001-A, HUD-92001-B, HUD-92001-C, HUD-92001-D, HUD-92001-E, HUD-92001-F,
HUD-92001-G and HUD-92001-H)

A. Justification

1. This information collection clearance package seeks to revise and extend the OMB clearance approval of 2502-0005. The Federal Housing Administration (FHA) of the Department of Housing and Urban Development approve entities to participate as Title I lenders and Title II mortgagees. Specific information must be obtained and reviewed to determine if an entity meets the criteria to obtain the requested approval. In addition, this submission covers subsequent information required by FHA in order for entities to maintain their approval, update information previously submitted on the entity, report any non-compliances, and voluntarily terminate their FHA approval. There are no regulatory changes associated with this request.

FHA: Title II of the National Housing Act, as amended, 12 U.S.C. 1703, 1709, and 1715b and 42 U.S.C. 3535(d), authorizes the Secretary of the Department of Housing and Urban Development to prescribe terms and conditions with respect to mortgage insurance under the above act. Criteria for approval to become a Title I lender or Title II mortgagee are specified in 24 CFR 202. Once approved, Title I lenders and mortgagees must provide additional information to maintain their approval as specified in 24 CFR 202 and supplemental guidance in Title I Lender Approval Handbook 4700.02 and the Title II Mortgagee Approval Handbook 1060.1. In addition, Title I letters and Mortgagee Letters have been issued to clarify various issues including the information required to be submitted on business changes and electronic submission of some information.

2. a. Form **HUD-92001-A**, Application for FHA Lender Approval The form and its attachments (see instructions on form) are used when lenders apply for approval as a Title I lender or Title II mortgagee. The form is also used by a currently approved FHA lender/mortgagee to convert its FHA status.

The application form 11701 that was previously covered by this collection was shared with Ginnie Mae for its applicants. It is also approved under 2503-0033. The application form in this collection has been revised to only cover FHA lender approval applicants and has a new form number 92001-A

- b. Development is underway to replace the paper HUD-92001-A and its attachments with an electronic submission. Draft Screen shots of this system are attached to the submission.
- c. Form **HUD-92001-B** has two uses. Paper submissions are made by FHA lenders to add a Branch to its operation when the lender can't add the branch electronically. The first is is when a nonsupervised loan correspondent doesn't have on file with FHA documentation they have the required net worth to add a banch. Hard copies of the form are submitted along with documentation of additional net worth of \$25,000 for each new branch up to a maximum net worth of \$250,000 is required in those situations. The second is all applications for a direct lending branch must be reviewed by FHA before they are approved.
- d. The informationa on Form HUD **92001-B** is sumitted electronically via FHA Connections by FHA lenders to register branches except those described in 2c above.

- e. Form **HUD 92001-C**: Reporting Noncompliances for FHA Insured Title I Loans, is used by Title I lenders to report noncompliance information identified by the lenders themselves pursuant to Quality Control Plan reviews. Title I Lenders are required by Title 1 Letter 447, Reporting Noncompliances for FHA Insured Title I Loans, to promptly report to HUD the discovery of any material misstatements of fact, borrower misuse of loan proceeds, dealer noncompliance or other significant violations in the Title I Program.

- f. The information required in **HUD-92001-D**, Lender Self-Reporting by Title II Mortgagees, is identified by the lenders themselves pursuant to Quality Control Plan reviews. This information is submitted to identify the FHA loan that was reviewed and the specific non-compliance(s) detected. Currently, the information is submitted by letter, but electronic reporting of the data will be implemented in Fiscal Year 2005. Once the lender enters the Title II Loan Case Number, some of the data boxes are populated from loan data that HUD already has in its system. The lender only needs to comment on this automatic data if it is in error. The lender then fills in the remaining boxes with specific information about the non-compliance identified in their Quality Control Review. This automated system will allow a self report on a single loan or batch reporting of multiple loans.

- g. Paper submission of Form **HUD-92001-E** and form **HUD-92001-F** for Title I and Title II lender approval or conversion fee payments. The information on the forms is needed to ensure that payments are credited to the correct account. There is a slight difference between the two forms to reflect the P.O. Box number of each lock box.

- h. Electronic payment of Application Fee for Title I or Title II Lender Approval or Conversion using pay.gov is currently under development.

- i. Paper submission of Form **HUD-92001-E** and form **HUD-92001-F** for Title I and Title II lender branch registration fee payments when the lender cannot register the branch online in the FHA Connections. The information on the forms is needed to ensure that payments are credited to the correct account. There is a slight difference between the two forms to reflect the P.O. Box number of each lock box.

- j. Electronic payment of Branch registration fee via the FHA Connection is used when a lender adds a branch themselves.

- k. The information collected on **HUD-92001-G**, Title I Lender Annual Verification Report, and **HUD-92001-H**, Title II Mortgagee Annual Verification Report, is needed to verify a lender's continued compliance with the Department's rules and regulations by its certification, credit for payment of the annual recertification fee, and if the Department has any changes to the operation of the lender or mortgagee.

- l. Electronic submission of HUD-92001-G and HUD 92001-H via of the FHA Connection is currently under development.

- m. Electronic Submission of Annual Financial Statements using the Lender Assessment SubSystem via FHA Connection by nonsupervised Title I and Title II Nonsupervised Mortgagees and Loan Correspondents. The requirement for the audits is pursuant to 24 CFR 202.7(b)(4) for non-supervised lenders and mortgagees and 202.8(b)(3) for non-supervised loan correspondents. The audits are prepared by CPA in compliance with HUD IG Consolidated Audit Guide for Audits of HUD Programs (HB 2000.04) and the GAO Auditing Standards (The Yellow Book). The requirement for electronic submission of the audit is pursuant to 24 CFR 5.801

- n. Electronic payment of annual renewal fee of each lender's FHA approval using pay.gov via of FHA Connection. The Title I fee is \$150 plus \$50 for each branch office. The Title II fee is \$500 plus \$200 for each branch office.
 - o. The information collected electronically to allow all Title I and Title II lenders, mortgagees, and loan correspondents to **terminate a branch** is needed to ensure the Department knows the effective date of the termination and who took the action. The information collected is the branch's FHA ID number and termination date. Since each employee of a lender or mortgagee must have an individual user ID for the FHA Connection, the Department knows who made the termination action.
 - p. The information required in letters advising the Department of non-address **changes of a lender or mortgagee** is needed to reflect any re-structuring of an approved lender or mortgagee, mergers, acquisitions, etc. The actual documents attached to each notification vary. If the company has been re-structured, amendments to the articles of incorporation or organization must be provided. In the case of mergers and acquisitions, copies of the documents reflecting the change are required.
 - q. **Address change information** that Title I lenders and Title II mortgagees use to update their addresses, phone number, FAX number, internet address and dba (doing business as) name are made directly by them via the FHA Connection
 - r. The information required by paper submissions advises the Department of any **new owners, officers, directors, or partners** consists of the same information initially provided by each of them on its owners and offices on the HUD 92001-A form. This includes each person's name, title, percentage of ownership (if applicable), and social security number. In the case of new owners that are not individuals, the TAX ID number of the owning entity is required in lieu of a social security number. They are also required to provide a credit report on all new parties.
 - s. Lenders and mortgagees can voluntarily **terminate their FHA approval** to participate in the FHA insured loan programs. This is done by letter signed by a senior vice president which provides a requested effective date for the voluntary termination.
 - t. A mortgagee whose origination approval agreement was terminated via HUD's Credit Watch Termination Initiative may request a new origination approval agreement. In order for the Secretary to ascertain whether the underlying causes for termination have been remedied, a mortgagee applying for a new Origination approval agreement must obtain an **independent review** of the terminated office's operations. This independent review shall identify the underlying cause for the mortgagee's high default and claim rate. Mortgagees must submit a **written corrective action plan** to address each of the issues identified in the CPA's report, along with evidence that the plan has been implemented.
3. 39,400 (62%) of the annual 63,614 responses is currently done electronically via the FHA Connection. Development is currently underway to all electronic submission of 13,000 annual responses which will increase electronic submissions to 82%.
 4. The information is not available from other sources.
 5. The burden associated with the approval process is the minimum required to achieve program objectives. Consideration for small business is not a factor. The same applies to the additional information required after approval to participate as a FHA lender, mortgagee, or loan correspondent

6. The information collected is required to achieve program objectives. It is used to determine whether an applicant is qualified for participation in the program for which it is applying. The application approval process is the first line of risk evaluation and prevention by the Department for its insured lending programs. Without collecting this information for the Department to review prior to making a decision regarding approval, the programs would be subject to widespread abuse. The information collected after approval is critical to monitor each lender and mortgagee's activities.
7. The information collection frequency is the minimum consistent with program objectives. The frequency cannot be changed because it applies when a lender requests initial approval, additional branches, changes in personnel, addresses, business structure, and annual renewal of their approval.
8. In accordance with 5 CFR 1320.8(d), the agency's notice soliciting public comments was announced in the *Federal Register* on January 28, 2009 (Vol. 74, No. 17, pages 4969 - 4971). No comments were received.
9. There have been no payments or gifts to respondents.
10. Names and Social Security Numbers are requested in order for the Department to obtain positive identification of the applicant's officers, directors, stockholders and employees who have authority to obligate the applicant. The information is used to determine the eligibility of the individuals to participate in the Department's mortgage insurance programs. The Department is authorized to request this information by Executive Order 9397 and it will not be disclosed outside the Department without prior consent except as required or permitted by law.
11. There are no questions of a sensitive nature.
12. The following table shows the estimated burden for each collection effort. Most of the information requested will already have been collected in order to comply with State requirements to be licensed to operate as loan correspondents (commonly known as mortgage brokers), non-supervised mortgagees and lenders (commonly known as mortgage bankers), and supervised depository institutions. The estimated burden is to fill out specific forms or to duplicate documents that need to be attached.

Information Collection Burden							
Item No.	Information Collection	No. of Respondents	Total Annual Responses	Hours Per Response	Total Annual Hours	Cost per Hour	Total Annual Cost
A	Paper submission of HUD-92001-A Application for FHA Lender Approval, or Conversion, including attachments	4,000	4,000	2.0	8,000	\$47	\$376,000
B	Electronic submission of HUD-92001-A Application for FHA Lender Approval or Conversion, including attachments (Currently under development)			.5		\$47	
C	Paper Submission of HUD-92100-B Application for Registration of New Branch (including attachments)		1,500	0.5	750	\$47	\$35,250
D	Electronic Registration of New Branch by Mortgagees via FHA Connection		3,500	0.1			
E	Paper submission of HUD-92001-C Non-Compliance Report on Title I Loans		100	1	100	\$47	\$4,700
F	Electronic submission of HUD-92100-D Lender Self Reporting on Title II Mortgages pursuant to Lender Quality Control Plans via FHA Connection		2,400	0.15	360	\$47	\$16,920
G	Paper submission of HUD-92001-E and 92001-F Application Fee Cover Sheets for		4,000	0.05	200	\$47	\$9,400

Information Collection Burden							
Item No.	Information Collection	No. of Respondents	Total Annual Responses	Hours Per Response	Total Annual Hours	Cost per Hour	Total Annual Cost
	Title I and Title II Lender Approval Applications or Conversion						
H	Electronic payment of Application Fee for Title I or Title II Lender Approval or Conversion using pay.gov (currently under development)			.05			
I	Paper submission of HUD 92001-E and 92001-F Fee Cover Sheets for Title I and Title II Branch Registration		1,500	.05	75	\$47	\$3,525
J	Electronic payment of fee for Title I or Title II Branch Registration using pay.gov via FHA Connection.		3,500	.05	175	\$47	\$8,225
K	Paper submission of HUD-92001-G and 92001-H for Title I and Title II Annual Verification Report by all FHA Approved Lenders	13,000	13,000	.10	1,300	\$47	\$61,100
L	Electronic submission of Annual Verification Report via FHA Connection by all FHA Approved Lenders via FHA Connection (currently under development)			.10			
M	Electronic Submission of Annual Financial Statements using the Lender Assessment SubSystem via FHA Connection by Title I and Title II Nonsupervised Mortgagees and Loan Correspondents		10,000	3	30,000	\$47	\$1,410,000
N	Electronic payment of annual renewal fee of FHA lender approval using pay.gov via of FHA Connection		12,000	.05	600	\$47	\$28,200
O	Electronic Termination of Existing Branch by all lenders via FHA Connection		4,000	0.05	200	\$47	\$9,400
P	Non-Address Business Change Notification (by paper)		600	0.5	300	\$47	\$14,100
Q	Address Updates via FHA Connection (electronic)		3,000	0.25	750	\$47	\$35,250
R	Personnel Change Notification of new owners, officers, directors or partners (by paper)		1,000	0.5	500	\$47	\$23,500
S	Voluntary Termination by a Lender (by letter)		500	0.25	125	\$47	\$5,875
T	Credit Watch Termination Reinstatements (by paper)		14	8	112	\$47	\$5,264
Totals			63,614		43,547	\$47	\$2,046,709

The estimated cost for the burden hours is computed at \$47 per hour. Most of the information submissions are prepared by staff and are subsequently reviewed by management prior to submission.

13. There are no additional costs to the respondents.

14. Estimate of total cost to the Federal government is estimated to be \$940,000 computed at \$47 per hour (GS13) for approximately 20,000 hours of review and processing.

15. This is a revision of a currently approved collection. The adjustment reported in item 13 is due to an increase in the number of companies that wish to be a FHA approved lender and the increased use of the FHA loan programs. Applications by FHA approved lenders to be approved as Ginnie Mae issuers has been removed from this collection budget and is now covered by 2503-0033 using HUD form 11701. This was done because FHA is developing an online submission for FHA lender approval that will not be used by lenders wishing to obtain Ginnie Mae Approval.

16. Only summary information will be forwarded to other Departmental offices for statistical purposes and possible publication.
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.