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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.

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Signature of Program Official:

Date:

X  
Michael Winiarski, Deputy Director, Organizational Policy, Planning and Analysis Division, HROA  
2502-0328

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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

## Title I Property Improvement and Manufactured Home Loan Program OMB Control Number 2502-0328

### PART A. Justification

1. Title I, Section 2 of the National Housing Act (12 U.S.C. 1703) authorizes the Secretary of Housing and Urban Development to insure qualified financial institutions against losses as a result of borrower defaults on loans made under Title I. The regulations implementing the Title I program, including requirements for information collection and reporting, are found in 24 CFR Part 201. A complete list is shown at Attachment A.

The FHA Manufactured Housing Loan Modernization Act of 2008, Sections 2141 – 2150 of the Housing and Economic Recovery Act of 2008 (the Act), amended various provisions in Title I of the National Housing Act relating to the Manufactured Home Loan program. Key changes to the Act are: loan limit increases; annual indexing to allow for future increases; co-insurance on an individual basis; incontestability of insurance; upfront insurance premium; annual insurance premium; underwriting criteria revised; and three (3) year leasehold agreement required. In an effort to comply with the new provisions of the Act, specific guidance to all Title I lending institutions, mortgagees, forms, companies, and other industry partners will be forthcoming.

2. The respondents are borrowers, dealers (sellers, contractors, or supplier of goods or services), lenders, appraisers, and/or inspectors. The collection contains the information under which an approved financial institution may obtain insurance on loans made for the alteration, repair, or improvement of property; for the purchase of a manufactured home and/or the lot on which to place such a home; for the purchase and installation of fire safety equipment in existing health care facilities; and for the preservation of historic structures. The insurance granted by HUD shall be available only for loans involving property located within a State. The insurance can cover up to 10 percent of the amount of all Title I loans in the financial institution's portfolio, as reflected in the total amount of insurance coverage contained at any time in an insurance coverage reserve account established by HUD. As limited by the amount of insurance coverage in such a reserve amount, the insurance can cover up to 90 percent of the loss on any individual loan. Property improvement loans can range from \$7,500 for manufactured homes to \$60,000 for multifamily properties. HUD does not determine the interest rate for the loan or the amount of discount points a borrower will pay to obtain that rate. The interest rate and discount points are negotiated between the borrower and the lender. If discount points are charged, the lender must supply the rate sheets to show that the discount points were used to reduce the borrower's interest rate.

The Department uses data collected on Title I loans to ensure efficient risk management of its loan portfolio, monitoring individual loan and lender performance. On a monthly basis, the Department provides billing statements to Title I lenders. The lenders electronically transmit their reconciliation of that billing statement and authorize payment to HUD, which is then accomplished by an electronic debit of their bank account.

Some of the HUD requirements are considered standard business practices, and HUD ascribes no burden hours to their use. These requirements are listed at Attachment B.

Below is a discussion of the various information collections involved in the Title I Property Improvement and Manufactured Home Loan Programs.

**Wholesale (Base) Price List.** The manufacturer of manufactured homes publishes price lists and distributes them to all retail dealers in a given marketing area, quoting the actual wholesale (base) prices at the factory for specific models or series of manufactured homes and itemized options offered for sale to such

dealers during a specified period of time. The wholesale (base) prices may include the manufacturer's projected costs of providing volume incentives and special benefits related to sales to dealers during the period. All such wholesale (base) prices shall exclude any costs of trade association fees or charges, discounts, bonuses, refunds, rebates, prizes, loan discount points or other financing charges, or anything else of more than nominal value which will inure to the benefit of a dealer and/or home purchaser at any date. Each price list and amendment shall be retained by the manufacturer for a minimum period of six years from the date of publication so as to be available to HUD and other Federal agencies upon request.

**Manufacturer's Invoice.** A manufacturer of manufactured homes must provide an invoice with a manufactured home to a retail dealer. That invoice must separately detail the wholesale prices at the factory for specific models or series of manufactured homes, itemized options, actual itemized charges for freight, and any sales taxes to be paid by the dealer. The manufacturer must certify on the invoice, or on an attachment, that the prices are accurate and reflect actual dealer costs, and that the manufacturer has not made any payments, other than volume or other incentives, to the dealer or purchaser as an inducement to purchase.

**Request to Exceed Maximum Loan Amount.** 24 CFR 201.10(a) establishes maximum loan amounts for the different types of loans. Lenders must request prior HUD approval to exceed loan limits.

**Form HUD-92802, Application for Appraisal (Existing MH).** An appraisal is required to determine the value of an existing manufactured home in order to establish the maximum loan limit. Lenders submit this form to HUD when an appraisal is needed for a manufactured home. HUD signs the form indicating authorization and the appraiser signs the form to indicate the estimated market value.

**Form HUD-56001/56001MH, Credit Application.** Lenders are responsible for establishing the eligibility of the borrower and the use of loan proceeds. These forms are used to collect information necessary to establish the creditworthiness of property improvement loan applicants and to assist HUD in accounting for and monitoring the use of Title I funds. General information about sex, race, and ethnic background is requested (but not required) to determine the characteristics of Title I program beneficiaries. If loan proceeds will be disbursed to a dealer or contractor, that person selling the improvements must sign certifying compliance with regulations. If someone other than the borrower(s) prepares the form, that person must also sign.

**Eligibility for Historic Preservation Loan.** Where the proceeds are to be used for an historic preservation loan, the proposed improvements shall be reviewed and approved by the State Historic Preservation Officer (or other person authorized by the Secretary of the Interior to make such reviews) prior to making application for a loan.

**Eligibility for Fire Safety Equipment Loan.** Where the proceeds are to be used for a fire safety equipment loan, the proposed improvements shall be reviewed and approved by the State or local agency having primary jurisdiction over the fire safety requirements of health care facilities prior to making application for a loan.

**Refinancing of Property Improvement Loans.** Lenders must obtain HUD approval to release any co-makers or co-signers on the original note from liability on the refinance note.

**Refinancing of Assumed Loans.** Lenders must also obtain HUD approval to refinance an assumed loan if the original borrower and any intervening assumptors were not released from liability for repayment at the time the loan was assumed. Lenders must require the execution of an assumption agreement that is satisfactory to the lender and is signed by the assumptor and the original borrower or previous assumptor at the time of assumption. Prior to the execution of the assumption agreement, the lender shall provide the assumptor with a written notice, to be signed by the assumptor and retained in the loan file, that states

that the loan being assumed is insured by HUD, and describes the actions the Secretary may take to recover the debt if the assumptor defaults on the loan and an insurance claim is paid; and that constitutes the assumptor's agreement to pay penalties and administrative costs imposed by HUD.

**Substitution or subordination of security.** Lenders wishing to substitute or subordinate security where the security value will not be impaired or reduced must obtain prior HUD approval.

**Release of liability or lien.** The lender shall not release the borrower or any co-maker or co-signer from any liability under a note or from any lien securing a loan insured under this part without the prior approval of the Secretary.

**Form HUD-55013, Dealer/Contractor Application.** Dealers of manufactured homes apply to and are approved by Title I lenders using this form. In addition to the form, dealers furnish a current financial statement prepared by a qualified, independent third party.

**Notification of Dealer Changes.** Dealers must provide written notification to lenders of any material change in a dealer's trade name, place of business, ownership, etc.

**Dealer Oversight by Lenders.** Upon receipt of a dealer application, the lender obtains a commercial credit report on the dealer and consumer credit reports on the dealer's owners, principals, and officers. Lenders perform semi-annual inspections and maintain files to monitor performance.

**Termination of a Dealer.** Lenders may terminate a dealer's approval and must provide notification to HUD.

**Form HUD-55014, Warranty for New Manufactured Home.** Manufacturers of Manufactured Homes use this form to provide a one-year warranty against defects in materials and workmanship. Borrowers sign the form to acknowledge receipt of the warranty.

**Notification of Warranty Problems.** The lender must maintain information in the loan file as to whether the home manufacturer is substantially complying with its warranty obligations on other homes financed by the lender under any program. If the lender concludes that a manufacturer may not be honoring its warranties, the lender shall immediately notify the Secretary in writing, with documentation of the facts and circumstances.

**Certification of Manufactured Home Park Standards.** When the manufactured home is to be placed on a leased site in a manufactured home park, the lender shall obtain certifications from the appropriate State or local government officials that the park complies with minimum standards relating to vehicular access, water supply, sewage disposal, utility connections, and other aspects of park development. Where minimum State and local standards for park development are not established or enforced, the lender shall obtain a certification from a registered civil engineer that the park meets minimum standards for park development prescribed by the Secretary.

**Notice of HUD's Role.** For both property improvement loans and manufactured home loans, the lender shall provide the borrower with a written notice, to be signed by the borrower and retained in the loan file, that (i) states that the loan will be insured by the HUD and describes the actions the Secretary may take to recover the debt if the borrower defaults on the loan and an insurance claim is paid; and (ii) constitutes the borrower's agreement to pay penalties and administrative costs imposed by HUD as authorized by 31 U.S.C. 3717. In the case of a direct loan, the notice must also constitute an acknowledgement of the borrower's post-disbursement obligation to furnish a completion certificate and to permit an on-site inspection by the lender or its agent in accordance with Sections 201.40(o) and (c).

**New Loan Reporting Manifest (Formerly Form HUD-56004).** This form was used for reporting new loans for Title I insurance coverage. The paper form is no longer used as lenders now report all new loans via the FHA Connection. Loans are to be reported with 31 days of disbursement of loan proceeds or with a certification that loans reported more than 31 days after loan disbursement are not in default. Loans are not insured until they are reported. Screen shots of the information collected on-line are attached.

**Refinancing Report (Formerly Form HUD-27029).** This form was used for reporting refinanced loans for Title I insurance coverage. The paper form is no longer used as lenders now report all refinances via the FHA Connection. Loans are to be reported with 31 days of disbursement of loan proceeds or with a certification that loans reported more than 31 days after loan disbursement are not in default. Loans are not insured until they are reported. Screen shots of the information collected on-line are attached.

**Form HUD-27030, Transfer of Note Report.** This form is completed by both the selling and buying institutions, signed by both institutions, and submitted to HUD within 31 days after the date of transfer. The selling institution certifies that all notes to be transferred have previously been accepted for insurance by HUD and authorizes HUD to transfer, from its insurance coverage reserve account to the insurance coverage reserve account of the buying institution, the lesser of a 10 percent of the unpaid balance or 10 percent of the net selling price of each loan. If the insurance charges on the transferred loans have already been paid, any adjustment of such charges shall be between the selling and buying institutions. The buying institution is responsible for paying any unpaid insurance charges.

**Discovery of Mis-statements of Fact.** If, after a loan has been made, the lender discovers any material misstatement of fact or that the loan proceeds have been misused by the borrower, dealer, or any other party, it shall promptly report this to the Secretary.

**Form HUD-56002, Completion Certificate for Property Improvements – Direct or Dealer Loans.**

Borrowers sign this form certifying that loan proceeds were spent properly, property improvements have been completed, and they have received no inducements from the dealer to enter into the transaction. Dealers or contractors sign the form certifying that the property improvements are eligible under Title I, the property improvements have been completed, the borrowers have received no inducements other than payment of discount points to enter into the transaction, and that any discount points will not be reimbursed by the borrowers.

**Report of Uncooperative Borrower.** If the borrower fails to submit a form HUD-56002 and will not cooperate in permitting an on-site inspection, the lender shall report this fact to the Secretary.

**Form HUD-56002-MH, Placement Certificate for Manufactured Home – Direct or Dealer Loans.**

Borrowers sign this form certifying that the loan meets all Title I requirements and that the home will not be moved until the loan is paid unless the lender agrees and the new site meets Title I regulations. Dealers sign this form certifying that the loan meets all Title I requirements, the manufactured home has been installed and erected as required, and any permanent foundation meets HUD requirements.

**Inspection of Manufactured Home Placement.** For any manufactured home purchase loan or combination loan involving the sale of a manufactured home by a dealer, the lender (or an agent of the lender that is not a manufactured home dealer) shall conduct a site-of-placement inspection within 60 days after the date of disbursement to verify that:

**Administrative Reports and Examinations.** The Secretary may call upon a lender for any reports deemed necessary in connection with regulations and may inspect the loan files, records, books, and accounts of the lender as they pertain to the loans reported for insurance.

**Proceeding against the Loan Security – Property Improvement Loans.** After acceleration of maturity on a secured property improvement loan, the lender may either make claim under its contract of insurance or proceed against the loan security under its Title I security instrument. In proceeding against the secured property, the lender shall comply with all applicable State and local laws, and shall take all actions necessary to preserve its rights, if any, to obtain a valid and enforceable deficiency judgment against the borrower. Proceeding against the security requires prior HUD approval.

**Disposition of Manufactured Home Loan Property.** The lender may accept voluntary surrender of the property without satisfaction of the borrower's obligation, but the lender must dispose of or sell the property for the best price possible prior to filing a claim. In the case of a combination loan, the manufactured home and lot shall be sold in a single transaction and the manufactured home may not be removed from the lot, unless HUD gives prior approval for a different procedure.

**Form HUD-637, Title I Claim for Loss.** This is a three-part form. Part I is the Transmittal, on which the lender indicates the documents that will be submitted to support the claim. Part II is the Application Voucher, on which the lender provides an accounting for the claim and certifies to its accuracy. Part III is the Claim Calculation Worksheet, that the lender uses to calculate some of the amounts on Part II. The claim must include all original notes, security instruments, assumption agreements, releases of liability for repayment of the loan, judgments obtained by the lender against the borrower, and any related documents and forms, unless otherwise required by law.

**Form SF 3881, ACH Vendor/Miscellaneous Payment Enrollment Form.** This form is required to be completed by the lender if a Title I claim has been approved. The form sets up Electronic Funds Transfer (EFT), which enables HUD to pay the lender for the claim using the electronic transfer.

**Request to Exceed the Maximum Claim Period.** Claims for property improvement loans must be filed not more than nine months after the date of default. Claims for manufactured home loans must be filed not more than three months from the sale of the property but may not be more than 18 months after the date of default. If a borrower is a person in military service, any period of military service after the date of default shall be excluded in computing the maximum time period for filing an insurance claim. HUD may extend the claim filing period if the lender shows clear evidence that the delay in claim filing was in the interest of the Secretary or was caused by litigation related to the loan; management control of the lender or the Title I loan portfolio having been assumed by a Federal or State agency; or the borrower had experienced a loss of income or other financial difficulties directly attributable to a major disaster declared by the President, and additional time was needed to provide forbearance on a property improvement loan.

**Assignment of Lender's Rights to the United States.** Upon the filing of the insurance claim, the lender shall assign to HUD its entire interest in the loan note, any judgment in lieu of the note, any security held, and any claim filed in probate, bankruptcy, or insolvency proceedings. If the assignment does not appear on the note or other instrument that is assigned, it must be executed on an allonge attached to such note or other instrument, using the format shown below or a format generally acceptable in the jurisdiction where the judgment or security was taken shall be used.

All right, title, and interest of the undersigned is hereby assigned (without warranty, except that the loan qualifies for insurance) to the United States of America (HUD).

(Financial Institution) \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Resubmitted and Supplemental Claims.** The Secretary may deny a claim for insurance in whole or in part based upon a violation of Title I regulations, unless a waiver of compliance with the regulations is granted. Any insurance claim that is resubmitted with an appeal of a claim denial or a request for a waiver of the regulations must be filed within six months after the date of the claim denial. Any supplemental insurance claim shall be filed within six months after the date of payment on the initial claim.

3. The Department's overall goal is to automate the collection of loan data for its loan insurance programs. Over the course of the last two years FHA has made significant progress in streamlining access to its systems. In 2004, FHA implemented an Internet front end for its Title I systems to provide on-line access for participating lenders. Internet access allowed for the transmission of loan data electronically through the automation of the New Loan Reporting Manifest, (form HUD-56004), and the Refinancing Report, (form HUD-27029), this enhancement improved the speed and data quality of Title I loan information collection while reducing the paperwork burden on participating lenders.
4. Information collected is unique to each Title I loan and therefore not duplicative.
5. Some dealers and contractors may be small businesses. The burden is the minimum required to conduct the program.
6. The subject information is necessary for applicants to receive the benefits of the program. In addition, it ensures efficient risk management of its loan portfolio, monitoring individual loan and lender performance, to safeguard the FHA fund.
7. Much of the information collected for the Title I program is one-time, "on occasion." However, the Department transmits monthly billing statements to Title I lenders. The lenders electronically transmit their reconciliation of that billing statement and authorize payment to HUD, which is then accomplished by an electronic debit of their bank account.
8. In accordance with 5 CFR 1320.8(d), the agency's notice soliciting public comments was announced in the *Federal Register* on April 23, 2009 (Vol. 74, No. 77, page 18588-18589). ... comments were received. HUD regularly receives comments and input on its information collection requirements from lending institutions, dealers, home manufacturers, insurance companies, appraisers, and service companies. HUD assesses the comments and applies when possible.

The Department has recently completed a Business Process Reengineering Study of the Title I program. As part of the study participating lenders were contacted and asked to comment on a wide range of issues relating to Title I processes and procedures. Leading Title I lenders provided comments on doing business with FHA, participating in the Title I program, and data requirements and submission procedures.

9. There are no payments or gifts to respondents involved in this collection.

10. The Privacy Act of 1974 protects respondents meeting these reporting requirements.
11. Information about the age, sex, marital status, and minority group category of Title I borrowers enables the Department to determine which population segments are participating, to identify underserved communities, and to evaluate whether discriminatory practices may be occurring. These information requirements comply with the Equal Credit Opportunity and Fair Housing Acts. Responses are voluntary.
12. Estimate of public burden.

The total number of respondents is as follows:

Lenders approved to make insured Title I loans	3,500
Dealers/Contractors	2,600
Manufacturers of manufactured homes	222
Applicants for property improvement loans – of these, an estimated 5,000 will become borrowers	5,100
Applicants for manufactured home loans – of these, an estimated 3,000 will become borrowers	3,100
<b>Total</b>	<b>14,522</b>

Estimated Number of Respondents, Responses, Burden Hours, and Respondent Costs Per Annum

Information Collection	Number of Respondents	Frequency of Response	Responses per Annum	Burden Hours per Response	Annual Burden Hours	Hourly Cost	Annual Cost
Wholesale Base Price List	222	1	222	.25	56	\$31	\$1,736
Manufacturer's Invoice	222	1	222	.25	56	\$31	\$1,736
Request to exceed maximum loan amount	3,500	<1	500	.50	250	\$31	\$7,750
HUD-92802 to establish loan limit	3,500	1	3,000	0.25	750	\$31	\$23,250
HUD-56001 Credit App. PI loan	5,100	1	5,100	0.50	2,550	\$31	\$79,050
HUD-56001-MH Credit App. MH loan	3,100	1	3,100	0.50	1,550	\$31	\$48,050
Eligibility—Historic Preservation Loan	50	1	50	0.50	25	\$31	\$775
Eligibility—Fire Safety Equipment Loan	25	1	25	0.50	13	\$31	\$403
Release obligors on refinance	3,500	<1	50	0.25	13	\$31	\$403
Refinance if debtors not released	3,500	<1	50	0.25	13	\$31	\$403
Assumption Agreement	3,500	<1	1,000	0.50	500	\$31	\$15,500
Notify assumpor of HUD requirements	3,500	<1	1,000	0.08	80	\$31	\$2,480
Approval to substitute/subordinate security	3,500	<1	500	0.50	500	\$31	\$15,500
Release any current obligors	3,500	<1	50	0.25	13	\$31	\$403
HUD-55013 Dealer/Contractor Approval	2,600	1	2,600	1.00	2,600	\$31	\$80,600
Dealer notification to lender of changes	2,600	<1	100	0.50	50	\$31	\$1,500
Lender oversight of dealer	3,500	<1	2,600	2.00	5,200	\$31	\$161,200
Notify HUD if dealer terminated	3,500	<1	50	0.50	25	\$31	\$775
HUD-55014 Warranty for new MH	2,000	1	2,000	0.05	100	\$31	\$3,100
Notification of warranty problems	3,500	<1	15	0.25	4	\$31	\$124
Certification of MH park standards	3,500	<1	500	0.50	250	\$31	\$7,750
Notice of HUD's role-PI Loan	5,000	1	5,000	0.05	250	\$31	\$7,750
Notice of HUD's role MH Loan	3,000	1	3,000	0.05	150	\$31	\$4,650
New Loan Reporting Manifest	3,500	12	42,000	0.10	4,200	\$31	\$130,200
Refinancing Report	3,500	12	42,000	0.10	4,200	\$31	\$130,200
HUD-27030 Transfer of Note Report	3,500	<1	100	0.10	10	\$31	310
Report misstatements of fact	3,500	<1	1,000	0.25	250	\$31	\$7,750
HUD-56002 Completion Certificate	5,000	1	5,000	0.10	500	\$31	\$15,500
Report uncooperative borrower	3,500	<1	500	0.25	125	\$31	\$3,875
HUD-56002-MH Placement Certificate	3,000	1	3,000	0.10	300	\$31	\$9,300
Manufactured home placement inspection	3,500	<1	3,000	1.00	3,000	\$31	\$93,000
Admin reports and examinations	3,500	1	3,500	0.10	350	\$31	\$10,850
Approval to proceed against security	3,500	<1	1,000	0.50	500	\$31	\$15,500
HUD-92802 to establish sale price	3,500	1	1,000	0.25	250	\$31	\$7,750
Approval not to sell home/lot in 1 trans	3,500	<1	200	0.25	50	\$31	\$1,550
HUD-637 Title I Claim for Loss App	3,500	<1	3,000	1.00	3,000	\$31	\$93,000
Approval for add'l time to file claim	3,500	<1	300	0.25	75	\$31	\$2,325
SF 3881, ACH Vendor/Misc. Payment	3500	<1	300	0	0	0	0
Assignment of lender's rights to USA	3,500	<1	300	0.10	30	\$31	\$930
<b>TOTALS</b>			<b>136,634</b>		<b>31,838</b>		<b>\$0</b>

13. There are no additional costs to the respondents.

14. The annualized cost to the Federal government is estimated at 20% of the total burden hours or 6,367 hours. The Federal burden includes data analyses and compliance reviews related to Title I loan and lender performance and claim eligibility. The annualized cost to the Federal government also assumes a \$31 per hour estimate, and is calculated at \$197,377.

15. This is an extension of a currently approved collection. In an effort to comply with the new provisions of the Act, specific guidance to all Title I lending institutions, mortgagees, forms, companies, and other industry partners will be forthcoming.

16. The results from this collection will not be published.

17. OMB is not seeking to avoid displaying the expiration date.

18. There will be no exceptions to the certification statement identified in Item 19 of the OMB 83-I, “Certification for Paperwork Reduction Act Submissions.”

**PART B. Collections of Information Employing Statistical Method**

This information collection does not employ statistical methods.

**Attachment A**  
**TITLE I INFORMATION COLLECTION**  
**REQUIREMENTS IN 24 CFR PART 201**

CFR Section	Description & Need
201.2	Manufacturer's Wholesale Price List, to provide a basis for the wholesale invoice used in calculating the maximum loan amount for a new manufactured home.
201.2	Manufacturer's Invoice outlining the actual costs of the manufactured home.
201.6	Verification of borrower's Social Security Number (a customary and usual practice).
201.10(a)(1)	Establishes maximum amounts for different types of loans. Lenders must request prior approval of HUD to exceed loan limits.
201.10(b)(2)	Application for Manufactured Home Appraisal, HUD-92802, to establish maximum loan amount for an existing manufactured home.
201.15	Permits late charges to be assessed by the lender to ensure that loan payments are made when due (a customary and usual industry practice). Record of paid late charges must be in file if an insurance claim is submitted.
201.20(a)(3)	Requires that the borrower have equity in the property being improved at least equal to the loan amount (a customary and usual industry practice).
201.20(c)(1)	Requires that, to eligible for a historic preservation loan, the proposed improvements must be reviewed and approved by the State Historic Preservation Officer.
201.21(d)	Warranty for New Manufactured Home, HUD-55014
201.21(d)(4)	Requires that the lender notify HUD if it finds that a manufacturer is not honoring its warranties.
201.21(e)	Requires that lenders obtain certifications from local governmental officials for manufactured home park standards.
201.22(a)(2)	Credit application for Property Improvement Loan, HUD-56001. Credit application for Manufactured Home Loan, HUD-MH.
201.22(a)(3)	Request for Verification of Employment, FM-1005 (a customary and usual industry practice).
201.22(a)(5)	Requires that the lender obtain a consumer credit report on the borrower (a customary and usual industry practice).
201.22(a)(8)	Request for Verification of Deposit, FM-1006, to verify the source of funds for the borrower's initial payment (a customary and usual industry practice).
201.26(a)(1)	Requires that the lender assure that the borrower is eligible and the borrower's interest in the property is valid (a customary and usual industry practice).
201.26(a)(2)	Requires that the borrower furnish either a detailed contract proposal or a detailed statement of work and the estimated cost (a customary and usual industry practice).
201.26(a)(5)	Completion Certificate for Property Improvements, HUD-56002, to be completed for all dealer property improvement loans prior to disbursement.
201.26(a)(6)	Requires that the lender provide the borrower with a written notice of HUD's role in the property improvement loan and the actions HUD may take if a claim is paid.
201.26(b)(1)	Requires that the lender assure that the borrower is eligible and the loan file is complete, with copies of the purchase contract, manufacturer's invoice, and itemized statements of other costs (a customary and usual industry practice).
201.26(b)(4)	Placement Certificate for Manufactured Home, HUD-56002-MH.
201.26(b)(7)	Requires that the lender provide the borrower with a written notice of HUD's role in the manufactured home loan and the actions HUD may take if a claim is paid.
201.26(b)(8)	Requires that, if a manufactured home is to be located on Indian lands, the lender must obtain written permission from the trustee or tribal authority to repossess the home in the event of default (a customary and usual industry practice).
201.27(a)(2)	Dealer/Contractor Application, HUD-55013, to be used for all property improvement and manufactured home dealer approvals.
201.27(a)(5)	Requires that the lender provide HUD with written notification upon termination of a dealer.

201.27(a)(6)	Requires written notification to the lender of any material change in a dealer's trade name, place of business, ownership, etc.
201.30	Title I New Loan Reporting Manifest, HUD-56004 Title I Refinancing Report, HUD 27029 Title I Transfer of Note Report, HUD-27030.
201.40(a)	Requires that the lender report to HUD any material misstatements of fact or misuse of loan proceeds.
201.40(b)	Completion Certificate for Property Improvements, HUD-56002, to be completed for all direct property improvement loans after completion of improvements.
201.40(c)	Requires that the lender conduct an on-site inspection on all property improvement loans over \$7,500 to verify that the improvements are eligible and the work is completed (a customary and usual industry practice).
201.40(d)	Requires that the lender conduct an on-site inspection on all manufactured home loans involving a dealer, to determine that the home has been satisfactorily delivered and installed.
201.41	Requires that the lender conduct diligent and prudent loan servicing, including organized methods for identifying delinquent loans and pursuing collection activities (a customary and usual industry practice.)
201.42	Requires that the lender file a proof of claim in any bankruptcy, insolvency or probate hearing, and take all steps necessary to protect the interests of the holder of the note (a customary and usual industry practice).
201.50(b)	Requires that the lender provide the borrower with a written notice of default and acceleration (a customary and usual industry practice).
201.51(b)(2)	Requires that, prior to repossession, the lender shall make a visual inspection of the property and prepare a report on its condition (a customary and usual industry practice).
201.51(b)(3)	Application for Manufactured Home Appraisal, HUD-92802, to establish the best price obtainable for the repossessed manufactured home.
201.54(a)	Title I Claim for Loss Application, HUD-637.
201.54(b)(2)	Requires that, for HUD to extend the claim filing period, the lender must furnish clear evidence that the delay in claim filing was in HUD's interest or was beyond the lender's control.

**Attachment B**  
**HUD-Required Information Collections Considered Standard Business Practice.**

**Loan Application Review.** As a part of the reviewing the borrower's credit application prior to loan approval, the lender must verify many of the facts that the borrower has presented, including his/her Social Security Number. The lender must also assure that the borrower's income is adequate to support the debt payments.

**Security requirements.** The lender is responsible for obtaining appropriate security for Title I loans and for recording them in accordance with the laws of the jurisdiction in which they operate.

**Flood Insurance.** For properties located in a special flood hazard area, the borrower is required to obtain flood insurance, with the lender named as loss payee, and maintain such insurance for the term of the loan or until such time as the property is no longer in a flood hazard area.

**Hazard Insurance.** Borrowers must obtain appropriate hazard insurance, with the lender named as loss payee, for any manufactured home purchase loan or combination loan. The borrower must maintain such insurance for the full term of the loan or until the property is repossessed or foreclosed by the lender. If the borrower fails to maintain such insurance, the lender shall obtain it at the borrower's expense. Upon acquiring title to the property through repossession or foreclosure, the lender shall maintain hazard insurance upon the property in the amount prescribed above until its disposition and sale.

**Inspection Requirement on Property Improvement Loans.** The lender must conduct an on-site inspection on any property improvement loan where the principal obligation is \$7,500 or more and on any direct property improvement loan where the borrower fails to submit a form HUD-56002. On a dealer loan, the inspection shall be completed within 60 days after the date of disbursement. On a direct loan, the inspection shall be completed within 60 days after receipt of the completion certificate, or as soon as the lender determines that the borrower is unwilling to cooperate in submitting the completion certificate. The purpose of the inspection is to verify the eligibility of the improvements and whether the work has been completed.

**Inspection Requirement on Dealer Manufactured Home Loans.** For any manufactured home purchase loan or combination loan involving the sale of a manufactured home by a dealer, the lender must conduct a site-of-placement inspection within 60 days after the date of disbursement to verify that the terms and conditions of the purchase contract have been met; the manufactured home and any itemized options and appurtenances included in the purchase price of the home or financed with the loan proceeds have been delivered and installed; and the placement certificate executed by the borrower and the dealer is in order.

**Loan Servicing.** The lender must service loans in accordance with accepted practices of prudent lending institutions. It shall have adequate facilities for contacting the borrower in the event of default, and shall otherwise exercise diligence in collecting the amount due. The lender shall remain responsible to the Secretary for proper collection efforts, even though actual loan servicing and collection may be performed by an agent of the lender. The lender shall have an organized means of identifying, on a periodic basis, the payment status of delinquent loans to enable collection personnel to initiate and follow-up on collection activities, and shall document its records to reflect its collection activities on delinquent loans.

**Modification Agreement.** A written but unrecorded modification agreement acceptable to the lender and executed by the borrower may be used in lieu of refinancing of a delinquent or defaulted loan to reduce or increase the monthly payment, but not to increase the term or the interest rate, so as to assure that the delinquent or defaulted loan is brought current before or by the end of the loan term. A modification

agreement may also be used in lieu of refinancing in connection with a loan that is current to effect a reduction in the interest rate, and in the monthly payment, for the remainder of the loan term.

**Repayment Plan.** The lender may elect to negotiate an informal repayment plan with the borrower to enable a temporary delinquency to be cured within a short period of time. The lender may document the terms of the repayment plan by sending a letter to the borrower reciting the terms of their agreement.

**Partial Payments.** The lender shall accept any partial payment (inclusive of late charges) under an executed modification agreement or an acceptable repayment plan, and either apply it to the borrower's account or hold it in a trust account pending disposition. When partial payments held for disposition aggregate a full monthly installment, they shall be applied to the borrower's account, thus advancing the date of the oldest unpaid installment. If a partial payment is received more than 60 days after the date of default and was not submitted under a repayment plan or a modification agreement, the partial payment may be returned to the borrower, with a letter of explanation.

**Bankruptcy or Insolvency.** The lender shall file a proof of claim with the court having jurisdiction when the lender has timely information that a borrower is involved in bankruptcy or insolvency proceedings, except that a proof of claim need not be filed if the court notifies the lender that the borrower has no assets and a proof of claim should not be filed. The notice of bankruptcy and a copy of the proof of claim (or the notice from the court that a proof of claim is not required) shall be retained in the loan file. HUD views this as a standard business practice and ascribes no burden hours to it.

**Death of a Borrower.** The lender shall file a proof of claim with the court having jurisdiction when the lender has timely information that a borrower is deceased, unless the lender determines that there will not be a probate proceeding. A copy of the proof of claim (or documentation as to why a proof of claim was not filed) shall be retained in the loan file.

**Responsibility of the Lender after Insurance Claim Is Filed.** After the Secretary pays an insurance claim, the Secretary will notify the bankruptcy or probate court, as appropriate, that the loan has been assigned to the United States and will request substitution as the party to whom the claim is owed. Until the insurance claim is paid, the lender shall take all steps necessary to protect the interest of the holder of the note in any bankruptcy or probate proceeding.

**Lender Efforts to Cure Defaults.** The lender shall undertake foreclosure or repossession of the property securing a Title I loan that is in default only after the lender has serviced the loan in a timely manner and with diligence and has taken all reasonable and prudent measures to induce the borrower to bring the loan account current. The lender must document all such actions in the loan file.

**Personal contact with the borrower before acceleration and foreclosure or repossession.** Before taking action to accelerate the maturity of the loan, the lender or its agent shall contact the borrower and any co-maker or co-signer, either in a face-to-face meeting or by telephone, to discuss the reasons for the default and to seek its cure.

**Notice of default and acceleration.** Unless the borrower cures the default or agrees to a modification agreement or repayment plan, the lender shall provide the borrower with written notice that the loan is in default and that the loan maturity is to be accelerated. In addition to complying with applicable State or local notice requirements, the notice shall be sent by certified mail and shall contain

- a description of the obligation or security interest held by the lender;
- a statement of the nature of the default and of the amount due to the lender as unpaid principal and earned interest on the note as of the date 30 days from the date of the notice;

- a demand upon the borrower either to cure the default (by bringing the loan current or by refinancing the loan) or to agree to a modification agreement or a repayment plan, by not later than the date 30 days from the date of the notice;
- a statement that if the borrower fails either to cure the default or to agree to a modification agreement or a repayment plan by the date 30 days from the date of the notice, then, as of the date 30 days from the date of the notice, the maturity of the loan is accelerated and full payment of all amounts due under the loan is required;
- a statement that if the default persists the lender will report the default to an appropriate credit reporting agency; and
- any other requirements prescribed by the Secretary.

**Reinstatement of the loan.** The lender may rescind the acceleration of maturity after full payment is due and reinstate the loan only if the borrower brings the loan current, executes a modification agreement, or agrees to an acceptable repayment plan.

**Notice to credit reporting agency.** If the loan maturity is accelerated and the loan is not reinstated, the lender shall report the default to an appropriate credit reporting agency.

**Proceeding against the Loan Security – Manufactured Home Loans.** After acceleration of maturity on a defaulted manufactured home loan, the lender shall proceed against the loan security by foreclosure or repossession, as appropriate. The lender or its agent shall make a visual inspection of the property and prepare a report on its condition for placement in the loan file. The lender shall obtain a HUD-approved appraisal of the property as soon after repossession as possible, or earlier with the permission of the borrower.

**Acquisition by Voluntary Conveyance or Surrender – Manufactured Home Loans.** The lender may accept a voluntary conveyance of property securing a defaulted loan for a manufactured home loan provided that the lender accepts the conveyance in full satisfaction of the borrower's obligation and no claim is submitted under its contract of insurance.

**Disposition of Manufactured Home Loan Property.** The lender may accept voluntary surrender of the property without satisfaction of the borrower's obligation, but the lender must dispose of or sell the property for the best price possible prior to filing a claim, so that it can assign a valid and enforceable obligation, including any deficiency against the borrower, to the Secretary when submitting its claim.

**Recordation of Assignment.** If the security interest has been assigned to the United States, the assignment shall be recorded in that jurisdiction prior to filing the insurance claim, unless the Secretary determines that recordation by the lender in that jurisdiction is impractical.