

**Supporting Statement for FHA TOTAL (Technology Open to Approved Lenders)
Mortgage Scorecard
2502-0556**

A. Justification

1. SEC. 203 of the National Housing Act (12 U.S.C. 1709) authorizes the Secretary, upon application by the mortgagee, to insure mortgages offered to him that are eligible for insurance upon such terms as the Secretary may prescribe. The regulation mandating this collection can be found in the Code of Federal Regulations at 24 CFR 203.255(b)(5). This information is necessary to assure that lenders (and automated underwriting system (AUS) vendors) are aware of their obligations regarding use of the TOTAL Mortgage Scorecard and are certifying that they will comply with all pertinent regulations. It also allows FHA to request reports from lenders regarding their use of the scorecard, that they have implemented appropriate quality control procedures for using the scorecard, and provides an appeal mechanism should FHA take an action to terminate a lender's use of the scorecard.
2. Any AUS vendor that "calls" the Total Mortgage Scorecard, and any FHA-approved mortgagee that obtains a risk-assessment from the Scorecard, must abide by the requirements in 24 CFR 203.255(b). Access to the TOTAL Mortgage Scorecard by a FHA mortgagee is conditioned upon the mortgagee's certification to comply with those requirements. Only AUSs developed, operated, owned, or used by FHA-approved Direct Endorsement mortgagees, Fannie Mae, or Freddie Mac are permitted to access the Scorecard, and only FHA-approved mortgagees are able to obtain risk assessments using the TOTAL Mortgage Scorecard. The primary use of the information is to assure that the lenders who use FHA's TOTAL Mortgage Scorecard have certified to the terms and conditions of that use and that they will not violate the regulations at 24 CFR 203.255. This data collection also permits FHA to obtain information as needed from TOTAL scorecard users, including evidence of their quality control procedures, and establishes an appeal process should FHA take an action against a lender deemed to have violated the appropriate regulations. There are no changes in the burden, forms or laws regulating this collection.
3. The information regarding the lender's certification that it will properly use the TOTAL Mortgage Scorecard is collected electronically. Other information, such as evidence of quality control procedures, may be collected in hard copy.
4. None of this information is collected elsewhere.
5. This information will not impact small businesses and other small entities.
6. Without requiring lenders to certify to proper use of FHA's Mortgage Scorecard, FHA would have no means of enforcing the regulations regarding use of the scorecard and employing sanctions against lenders misusing it. HUD/FHA would not be able to terminate lender access nor would it be able to demand evidence that may indicate such misuse. This collection also provides a mechanism for lenders to contest FHA's decisions to terminate a lender's access to the scorecard.
7. There are no special circumstances required in the collection of information.

8. In accordance with 5 CFR 1320.8(d)(a), HUD is soliciting comments from the public and affected agencies concerning the proposed collection of information. The Notice announcing this collection of information appeared in the Federal Register on February 19, 2010, Volume 75, Number 33 pages 7513-7514. No comments were received.

The following industry professionals were consulted to provide their impression on the information collection for total number of burden hours.

Jane King Vice President, Renovation Lending Freedom Mortgage Corporation

Certification: 5 seconds

Reports and Loan Samples: 5 hours per file

Appeals: 300 hours

Joyce F. Walsh Senior Vice President, Government Lending Enterprise Bank of America

Certification: 20 seconds

Reports and Loan Samples: 5 hours (However, depends on quality of loan files)

Appeals: 200 hours

Susanne Garbacz Vice President, Credit Policy Chase Home Lending

Certification: 1 minute

Reports and Loan Samples: 1-7 business days (Depends on location and quality of loan files)

Appeals: 300 hours

9. There are no payments or gifts made to any respondents.
10. No assurances of confidentiality are provided to respondents.
11. There are no questions of a sensitive nature posed to respondents.
12. Estimated burden and costs to respondents:

The estimated public burden consists of an electronic certification process, required of all lenders wishing to use FHA’s TOTAL Mortgage Scorecard, using “click-through” procedures, providing FHA reports and loan samples on an as-needed basis, and the burden associated with appealing FHA’s decision to terminate a lender’s access to the scorecard.

There are about 12,457 FHA-approved lenders. Approximately 8,223 lenders have already certified to the terms and conditions for using the scorecard, leaving about 4,234 who may yet certify. HUD is requesting burden hours to cover approximately 400 new lender certifications and any possible re-certifications. Because the burden hour estimate is so high, HUD is including the appeal process in this request. There are no burden hours associated with quality control implementation. Quality Control is a customary and usual business practice and existing requirements already cover lenders using automated underwriting systems.

Information Collection	Number of Respondents	Frequency of Response	Total Annual Responses	Burden Hours per Response	Total Burden Hours	Hourly Cost	Total Annual Cost
Certification	8,500	Varies	400	0.02	8	\$25	\$200
Reports and Loan Samples	50	Varies	50	10.00	500	\$25	12,500
Appeals	3,500	Varies	2	200.00	400	\$25	10,000
Totals	12,000		452		908		\$22,700

The hourly cost is based on an estimate of the average annual salary of lender support staff in the range of \$52,000.

13. There are no additional costs to the respondents.

14. Estimated cost to the Federal government:

Information Collection	Total Annual Responses	Burden Hours per Response	Total Burden Hours	Hourly Cost	Total Annual Cost
Reports and Loan Samples	50	15	750	\$35	\$26,250
Appeals	2	100	200	\$35	7,000
Subtotal	52		950		\$33,250
System maintenance					20,000
Total					\$53,250

The hourly rate is based on the average annual salary of a GS-12-5. HUD pays \$20,000 annually for system maintenance.

15. This is an extension of a currently approved collection. The total number of FHA lenders is approximately 12,457, but only about 8,223 have entered certifications to date, leaving roughly 4,234 potential respondents. There are no changes in the burden, forms or laws regulating this collection.

16. The results of the information collected will not be published.

17. We are not seeking approval to avoid displaying the 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

The information collection does not employ statistical methods.