

Supporting Statement for Paperwork Reduction Act Submissions

UNDER THE PAPERWORK REDUCTION ACT

OMB Approval Number 2502-0494

HUD 92800.5B

Conditional Commitment/Direct Endorsement Statement of Appraised Value

PART A. Justification

1. Section 203 of the National Housing Act (P.L. 479, 48 Stat. 1256, 12 U.S.C. 1701 et.seq.) authorizes the Secretary of the Department of Housing and Urban Development to insure mortgages on proposed construction and existing single-family properties, when requested by FHA approved mortgagees. This request for OMB review involves an extension of a previously approved collection on Form HUD 92800.5B, Conditional Commitment/Direct Endorsement Statement of Appraised Value (OMB control number 2502-0494).
2. Lenders must provide to loan applicants either a completed copy of form **HUD-92800.5B**, or a copy of the completed appraisal report, at or before loan closing. Form HUD 92800.5B serves as the mortgagee's conditional commitment/direct endorsement statement of value of FHA mortgage insurance on the property. The form provides a section for a statement of the property's appraised value and other required FHA disclosures to the homebuyer, including specific conditions that must be met before HUD can endorse a firm commitment for mortgage insurance. HUD uses the information only to determine the eligibility of a property for mortgage insurance.

Some lenders have origination systems that will prepare Form HUD-92800.5B but Form HUD 92800.5B or a copy of the appraisal must be always prepared and handed to the borrower. Because the paper documents are still created for presentation to the borrowers, the preparation time for creating the form has not changed significantly but since federal banking law requires lenders who are supervised by federal regulatory agencies to provide a copy of the appraisal to the borrower, most lenders provide copies of the appraisal to the borrower rather than the HUD-92800.5B. HUD does not ascribe burden hours to the provision of the appraisal, as this is a standard business practice.

HUD also requires lenders to provide the Form HUD-92800.5B in case binders that are submitted to HUD for insuring. 80% of lenders use the lender endorsement option and do not submit case binders to HUD. Although they are required to provide them to HUD when asked, most lenders store the case binders electronically and have systems that produce the Form HUD-92800.5B when the file is printed to be sent to HUD. Since the lenders must include the form in the case binder if selected

3. This collection of information is 90% electronic. Paper copies of the documents (HUD-92800.5B or a copy of the appraisal report) are required for disclosures to borrowers. HUD has Form HUD 92800.5B available in a .pdf fillable format on HUDClips. Copies of the forms are not submitted to HUD, but are retained in the lender loan files. The forms may be electronically generated, and lenders who use paperless loan binders may store the copies electronically.
4. Disclosures are unique to each individual mortgage and therefore not duplicative.
5. The reporting burdens for small business participants should not be materially affected, as the bulk of FHA insured mortgages are originated and serviced by large financial institutions and their affiliates.
6. The collection and disclosure requirements for conditional commitment/direct endorsement for FHA mortgage insurance are one-time "on occasion" types, and therefore no reduction in frequency is possible.
7. There are no special circumstances involved in this collection.

8. In accordance with the guidelines in 5 CFR 1320.6, HUD published a notice soliciting comments on the information collection for OMB #2502-0494 in the Federal Register on Wednesday, November 20, 2013, (Vol. 78; No. 224; page 69704) No comments.

HUD regularly receives comments and input on its information collection requirements from lending institutions, the home construction industry, insurance companies, appraisers, and service companies, and takes those comments into consideration in conducting business. HUD spoke with lenders who prepare the form for borrowers and none of them use the Form 92800.5B in lieu of the appraisal, the only time they provide the form to the borrower is when there is a repair requirement.

Contacted for this collection:

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Bobbie Borland, Branch Chief, Santa Ana Homeownership Center, 714-796-1200, ext. 3453

9. There are no gifts or other types of payments made to respondents.

10. This information collection takes into consideration the need to assure data confidentiality and provide adequate Privacy Act Notice statements where needed.

11. This information collection does not contain any questions of a sensitive nature.

12. The reporting burden on respondents is computed to reflect expected loan volumes.

| Information Collection | Number of Respondents | Responses per Respondent | Total Responses | Hours Per Response | Total Annual Hours | Hourly Cost | Total Annual Cost |
|------------------------|-----------------------|--------------------------|-----------------|--------------------|--------------------|-------------|-------------------|
| HUD-92800.5B | 1,837 | 1-10,000 | 900,000 | .12 | 108,000 | \$30 | \$3,240,000 |

The hourly cost is based on an estimate of lender staff at \$30.00 per hour, which includes the cost of salaries, overhead, staff support, recordkeeping, etc.

13. There are no additional costs to respondents.

14. HUD reviews approximately two percent of single family loan binders. Although a majority of loans are now insured and reviewed under the paperless case binder system, the time for review is not materially affected

| Information Collection | Total Responses | Hours Per Response | Total Annual Hours | Hourly Cost | Total Annual Cost |
|------------------------|-----------------|--------------------|--------------------|-------------|-------------------|
| HUD-92800.5B | 18,000 | .08 | 1,440 | \$40 | \$57,600 |

The hourly cost is based on the hourly rate for a GS-12 plus overhead, staff support, recordkeeping, etc.

15. This is a revision of a previously approved information collection. The number of respondents has been corrected to show all FHA approved lenders. FHA loan volume has increased, but all lenders contacted provide borrowers with appraisals in lieu of the form HUD-92800.5B. In the last 12 months 5,668 loans have required repairs and HUD-92800.5B was required to be presented to the borrower in these cases in order for the borrower to be informed regarding what repairs are necessary for the property to be safe, sound and secure. The form is required to be included in all case binders for FHA-insured mortgages. For most mortgages the form is not provided to the borrower, the form is provided to the borrower when the repairs to the home were required.

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.

B. Collections of Information Employing Statistical Methods

Not applicable. The collection of information does not employ statistical methods.