

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. This information collection clearance package seeks to renew the OMB approval of 2502-0328.

Title I, Section 2 of the National Housing Act (12 U.S.C. 1703) authorizes the Secretary of Housing and Urban Development, through its Federal Housing Administration (FHA) 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 list of these regulations is shown at Attachment A, which can be found on pages 12-14 of this document.

In compliance with the statute and regulations, specific guidance is issued through Title I Letters, for all Title I lending institutions, and other program stakeholders. The Department is presently developing a handbook it intends to publish, which lays out the program standards and requirements in clear, consistent and more direct language. The handbook will serve as a single, authoritative source of policy, consolidating existing guidance from Title I Letters and federal regulations.

Title I forms and other information collected are used to determine eligibility of a loan for FHA insurance, including claim payments.

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.

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 collected under 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.

Form HUD-56001, Credit Application for Property Improvement Loans, and Form HUD-56001-MH, Credit Application for Manufactured (Mobile) Home. 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 the Title I insurance fund. General information about sex, race, and ethnic background is requested (but not required) to determine the characteristics of Title I program beneficiaries.

The selling retailer or dealer of manufactured home or contractor for property improvements must also sign this form to certify compliance with Title I regulations. If someone other than the borrower(s) prepares the form, that person must also sign.

Eligibility of the Borrower - Documentation is required to make certain the borrowers have the capability to repay the debt, including, but not limited to, credit reports and credit scores; verification of income and employment; payment history on other obligations, alimony, child support or maintenance ; subsidy for mortgage payments; VA benefits; IRS form 2106; and/or trust agreements. Reference 24 CFR 201.22

Eligibility for Property Improvement Loan. Where the proceeds are to be used for a property improvement loan, the proposed improvements shall be reviewed by the lender to verify eligibility, that the improvements will be permanently attached and owned by the property, and will improve the livability and usability of the property.

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 Site Standards. When a manufactured home is to be placed on a new lot, the lender must verify and where possible, obtain certifications from the appropriate State or local government officials that the site complies with local 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 must 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).

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. (Reference: 24 CFR 201.40(a))

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. (Reference: 24 CFR 201.40(b))

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. (Reference: 201.40(c))

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 II also Serves as 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: _____

Site Lease Requirements. If a manufactured home will be set on a lot that is leased to the homeowner, lenders must ensure that the lease (1) does not expire before three (3) years after the origination date of the obligation; (2) is renewable upon the expiration of the original 3-year term by successive one (1) year terms; (3) requires the lessor to provide the lessee written notice of termination of the lease not less than 180 days prior to the expiration of the current lease term in the event the lessee is required to move due to the closing the manufactured home community, and further provides that failure to provide such notice to the borrower in a timely manner will cause the lease term, at its expiration, to automatically renew for an additional one (1) year term.

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. The department estimates that 60% of the required data is transmitted to HUD electronically. In 2014, new policy was announced to all electronic signatures on the loan documents.

In 2011, FHA made significant progress in streamlining the flow of information through a new batch upload process. This process enables lenders to upload data for multiple loans to FHA Connection. While this new feature does not impact paperwork, it reduces time burden for lenders to report required data. Lenders are no longer required to enter data in FHA systems for loans one at a time.

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.

The Department makes seeks to reduce burdens where possible. Lender feedback is solicited as part of rulemaking, and the Department will solicit comments on its Title I handbook draft.

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 insurance 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 or “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 August 25, 2015 (Vol. 80, No. 164, page 51588). No 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.

External and internal consultations were conducted by the Department. Steve Miner from Service Finance, LLC stated that the small number of hours for review of most forms was not burdensome. Peter Krajcsa from AFC First Financial commented on the Property Improvement Credit Application form and stated that the burden of information collected should be reduced for small loan amounts. According to Patricia McBarron, Credit Policy Specialist in Washington, DC, the activity from manufactured home manufacturers have declined in recent years because lenders have more private options for funding sources and less need for FHA insurance on their loans.

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	210
Dealers/Contractors (CY 2014 = 475/MH + 626/PI)	1,101
Manufacturers of manufactured homes	222
Applicants for property improvement loans - of these, an estimated 5,700 will become borrowers (FY 2014 = 5,654 TI PI loans)	8,100
Applicants for manufactured home loans - of these, an estimated 500 will become borrowers (FY 2014 = 472 TI MH loans)	1,100
Total	10,733

Notes: In FY 2014, FHA insured:

Insurance In Force as of 9/30/2014			FY 2014
	Endorsements	Dollar Amount	Applications
Manufactured Housing	14,387	\$ 579,148,392	472
Home Improvement	31,068	\$ 523,313,544	5,654

Lenders report that they decline Title I loans when the applicants do not meet the additional requirements imposed by the lenders, on top of FHA requirements. For example, although FHA does not require a minimum FICO, many lenders set a minimum standard before they will make the loan.

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

1	Wholesale Base Price List	222	1	500	0.25	125	\$41	\$5,125
2	Manufacturer's Invoice	222	1	500	0.25	125	\$41	\$5,125
4	HUD-56001 Credit App. PI loan	210	1	5,700	0.5	2,850	\$41	\$116,850
5	HUD-56001-MH Credit App. MH loan	210	1	500	0.5	250	\$41	\$10,250
6	Appraisal requirement	210	1	500	1	500	\$41	\$20,500
7	Eligibility of Borrower	432	1	9,200	2	18,400	\$41	\$754,400
8	Eligibility - Property Improvement	210	1	5,700	0.5	2,850	\$41	\$116,850
9	Eligibility— Historic Preservation Loan	50	1	50	0.5	25	\$41	\$1,025
10	Eligibility— Fire Safety Equipment Loan	25	1	25	0.5	12.5	\$41	\$513
11	Release obligors on refinance	210	<1	50	0.25	12.5	\$41	\$513
12	Refinance if debtors not released	210	<1	50	0.25	12.5	\$41	\$513
13	Assumption Agreement	210	<1	1,000	0.5	500	\$41	\$20,500
14	Notify assumptor of HUD requirements	210	<1	1,000	0.08	80	\$41	\$3,280
15	Approval to substitute/subordinate security	210	<1	100	0.5	50	\$41	\$2,050
16	Release any current obligors	210	<1	50	0.25	12.5	\$41	\$513
17	HUD-55013 Dealer/Contractor Approval	210	1	2,600	1	2,600	\$41	\$106,600
18	Dealer notification to lender of changes	210	<1	100	0.5	50	\$41	\$2,050
19	Lender oversight of dealer	210	<1	4,000	2	8,000	\$41	\$328,000
20	Notify HUD if dealer terminated	210	<1	50	0.5	25	\$41	\$1,025
21	HUD-55014 Warranty for new MH	210	1	500	0.05	25	\$41	\$1,025
22	Notification of warranty problems	210	<1	15	0.25	3.75	\$41	\$154
23	Certification of MH park standards	210	<1	500	0.5	250	\$41	\$10,250
24	Notice of HUD's role- PI Loan	210	1	5,850	0.05	292.5	\$41	\$11,993
25	Notice of HUD's role MH Loan	210	1	750	0.05	37.5	\$41	\$1,538
26	HUD-27030 Transfer of Note Report	50	<1	100	0.1	10	\$41	\$410
27	Report misstatements of fact	210	<1	1,000	0.25	250	\$41	\$10,250

28	HUD-56002 Completion Certificate	210	1	5,700	0.1	570	\$41	\$23,370
29	Report uncooperative borrower	210	<1	500	0.25	125	\$41	\$5,125
30	HUD-56002-MH Placement Certificate	210	1	500	0.1	50	\$41	\$2,050
31	Manufactured home placement inspection	210	<1	500	1	500	\$41	\$20,500
32	Admin reports and examinations	210	1	6,600	0.1	660	\$41	\$27,060
33	Approval to proceed against security	210	<1	1,000	0.5	500	\$41	\$20,500
34	Approval not to sell home/lot in 1 trans	210	<1	200	0.25	50	\$41	\$2,050
35	HUD-637 Title I Claim for Loss App	210	<1	3,000	1	3000	\$41	\$123,000
36	Approval for add'l time to file claim	210	<1	300	0.25	75	\$41	\$3,075
37	SF 3881, ACH Vendor/Misc. Payment	210	<1	300	0.05	15	\$41	\$615
38	Assignment of lender's rights to USA	210	<1	300	0.1	30	\$41	\$1,230
39	Site Lease Requirements	210	<1	500	0.25	125	\$41	\$5,125
TOTALS		10,733		59,790	5.57	43,049		\$1,764,999

Cost methodology: Hourly rate is based on an average hourly salary of \$41, for an experienced processor and underwriter combined.

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 4,930hours. 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 \$41 per hour estimate, and is calculated at \$202,130. As of 3/1/2015, the hourly pay for GS-12 Step 5 in the DC-MD-VA-WV-PA localities is \$41.48.

15. This is an extension of a currently approved collection. The annual reporting and recordkeeping hour burden has decrease by 8,974. The reasons for the decrease are primarily 1) Elimination of two Title I forms, and 2) The sharply reduced number of lender and participants in the Manufactured Home program, and equally decreased level of activity in the program.

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)	Information required in order to calculate the 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 be 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)	For manufactured homes repossessed, lenders must obtain a HUD-approved appraisal, to establish the retail value of comparable manufactured homes in similar condition and in the same geographic area 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.

Section of the Act	HERA 2008 Legislative Provision with PRA impact (Applicable only to Manufactured Housing)	Key Word(s)
2150 (Appendix 5 in TI-	Requires that if a manufactured home loan is for the purpose of financing a manufactured home unit to be situated in a manufactured home community pursuant to a lease, the lease	Site Lease Requirement s

481)	must: <ul style="list-style-type: none">• not expire before three (3) years after the origination date of the obligation;• be renewable upon the expiration of the original 3-year term by successive one (1) year terms;• requires the lessor to provide the lessee written notice of termination of the lease not less than 180 days prior to the expiration of the current lease term in the event the lessee is required to move due to the closing the manufactured home	
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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.

HUD Certification Label. Lenders must ensure that the manufactured home complies with standards for livability and durability as specified in HUD Code, formally known as the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5401-5426) at 24 CFR Part 3280. To evidence compliance, a HUD Certification Label, which is a two inch by four inch metal plate, must be permanently attached to manufactured home.

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.

Form HUD-646, Worksheet for Reconciliation of Insurance Charges from the Title I Monthly Statement. Lenders are notified electronically each month of their monthly charges for Title I loans. The lenders then submit their payment through the Automated Clearing House (ACH). This payment is approved under OMB Control Number 2502-0512. The form HUD-646 is provided as a convenient worksheet for lenders to reconcile their charges. The form does not transmit information to HUD.