

Supporting Statement for Paperwork Reduction Act Submissions

Home Equity Conversion Mortgage (HECM)

Insurance Application for the Origination of Reverse Mortgages and Related Documents

OMB Control Number 2502-0524

HUD-92901, HUD-92902, HUD-92051, HUD-92561, HUD-92800.5b, HUD-92900-A, HUD-92300, HUD-1, HUD-1a, Fannie Mae (FNMA)-1009, FNMA-1025, FNMA-1003, FNMA-1004, FNMA-1004c, FNMA-1073, HUD-92541, HUD-92544, NPMA-99A, NPMA-99B

A. Justification

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

This information collection seeks a revision for OMB clearance approval of 2502-0524 that expires on 01/31/2021. The Housing and Community Development Act of 1987 (P.L. 100-242, 2/5/88) established a Federal Mortgage Insurance Program, Section 255 of the National Housing Act (NHA), to insure Home Equity Conversion Mortgages (HECM). A HECM allows senior homeowners, age 62 and over, to convert a portion of accumulated home equity into monthly streams of income and/or lines of credit. Unlike a traditional home equity mortgage where the borrower makes principal and interest payments to a lender, with a HECM, the lender pays the borrower. A senior homeowner that seeks to obtain a HECM must submit a loan application and supporting income and credit documentation to a lender for a final loan decision.

This submission includes HECM origination requirements that are defined in 24 Code of Federal Regulations Part 206. HECM servicing requirements are covered under OMB Collection 2502-0611.

- 2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

The respondents are approximately 2,375 lenders that are approved to originate FHA insured mortgages. HUD estimates that lenders will receive approximately 59,375 new HECM loan applications for review and approval.

Counseling Requirements: There are approximately 1300 Certified Housing Counselors. An eligibility requirement of the HECM program is to require prospective borrowers, non-borrowing spouses, and any non-borrowing owners with an interest in the mortgaged property to receive HECM counseling from a HECM Counselor that is employed by a participating agency (OMB Information Collection 2502-0573). HECM counseling may

be completed prior to or after the lender takes initial loan application. The definition of HECM Counselor is the same as the statutory definition and means an independent third party that is currently active on FHA's HECM Counselor Roster and that is not, either directly or indirectly, associated with or compensated by, a party involved in originating, servicing, or funding the HECM, or the sale of annuities, investments, long-term care insurance, or any other type of financial or insurance product. (Section 255(d) of NHA) (24 CFR 206.3)

In accordance with statutory and regulatory provisions, HECM Counselors are required to discuss the topics below: (Section 255(f) of the NHA) (24 CFR 206.41)

- a) the options, other than a HECM, that are available to the homeowners, including other housing, social service, health, and financial options;
- b) other home equity conversion options that are or may become available to the homeowner, such as other reverse mortgage products, HECM purchase transaction, sale-leaseback financing, deferred payment loans, and property tax deferral;
- c) the financial implications of entering into a HECM;
- d) a disclosure that a home equity conversion mortgage may have tax consequences, affect eligibility for assistance under federal and state programs, and have an impact on the estate and heirs of the homeowners;
- e) whether the prospective borrower has signed a contract or agreement with an estate planning firm that requires, or purports to require, the borrower to pay a fee on or after closing that may exceed amounts permitted by the Secretary or in 24 CFR Part 206 and the extent to which these services may not be needed or may be available at nominal or no cost from other sources, including the lender (24 CFR 206.41(b));
- f) the conditions under which a non-borrowing spouse is permitted to stay in the home after the death (or move to a health care facility) of the borrower (24 CFR 206.55); and
- g) the terms and conditions for the mortgage becoming due and payable and deferral requirements for non-borrowing spouses who chose to remain in the home upon the death of the last surviving borrower.

At the conclusion of each counseling session, HECM counselors must complete a Certificate of HECM Counseling, form HUD-92902, and have the prospective HECM borrower, non-borrowing spouse, non-borrowing owner and any other interested parties sign and date form HUD-92902. The borrower must provide the signed and dated certificate to the lender for processing of their loan application. (24 CFR 206.41). Form HUD-92902 was transferred to OMB Collection 2502-0586, therefore this submission does not include burden hours.

Loan Processing Requirements

FHA insures reverse mortgages for one to four family units under various provisions of Section 255 of the National Housing Act. All HECM loans insured under this section, requires the borrower to complete the Residential Loan Application for Reverse Mortgage (Fannie Mae Form 1009), as part of the application process and the HUD/VA Addendum to the Uniform Residential Loan Application, HUD 92900-A (also used for standard FHA loan applications under OMB Information Collection 2502-0059). Lenders also utilize Fannie Mae Form 1003 to collect applicant information such as employment, monthly income, and housing expenses. Borrowers must state whether or not they are legally married at the time of initial application and confirm this information at closing. For married borrowers, the lender collects a copy of their marriage certificate, legal opinion certifying the validity of the marriage, or other evidence sufficient to establish the legal validity of the marriage when the loan is being originated with a non-borrowing spouse that could be entitled to a deferral period when the loan becomes due and payable. In order to receive federal insurance benefits, lenders must obtain and verify the name, age, and social security number of any borrower. Lenders are also required to obtain and verify the name and social security number of any non-borrowing spouse that may be eligible for a deferral of the due and payable status upon the death of the last borrower. (24 CFR 206.33, 206.40, and 206.55). HUD requests 0.16 burden hours for the collection of non-borrowing spouse documentation.

The use of Fannie Mae Forms 1009 and 1003 is a standard business practice and HUD requests no burden hours with this submission. HUD intends to change the 1009 application form in the future in order to make sections of the form consistent with information collected in Fannie Mae Form 1003 and/or adopt the use of Fannie Mae Form 1003. Currently, the 1003 form is used in the origination of FHA and conventional forward mortgage financing and collects detailed information about borrowers' liabilities, employment, income and assets.

In addition, the borrower is required to provide other documents related to income, credit, asset verification, and property eligibility. The combination of the loan application and form HUD-92900-A is used in every case by the lender to make application for FHA mortgage insurance. Together they describe the parties involved, the property, and the conditions and terms on which the mortgage insurance will be based. These documents are approved under OMB Control Number 2502-0059, and HUD does not request burden hours in this submission.

HUD has provided samples of the different model loan documents lenders use in the HECM program. This collection includes revisions to the model HECM Adjustable Interest Rate Note to align with FHA's transition from the London InterBank Offered Rate (LIBOR) index to the Secured Overnight Financing Rate (SOFR) index, which includes, but is not limited to, new definitions and replacement index language for future

adjustable interest rate index transition events. The revisions do not result in burden hours but informs the HECM borrower of events that could occur if the interest rate index is no longer available. Copies of those samples are attached, and include the note, mortgage, agreement, and the repair rider. Similar documents are used as a standard business practice in financing a mortgage, and HUD requests no burden hours.

Underwriting the Borrower and Property

The duties and responsibilities of the lender for underwriting and funding the loan are universal to the mortgage lending industry. The lender will review the borrower's credit report and appraisal reports, FNMA-1004, FNMA-1004c, FNMA-1073, and FNMA-1025, (OMB Information Collection 2502-0538) to ensure the FHA requirements have been met for final approval of the loan application. The lender must underwrite the property's eligibility to determine conditions that must be addressed prior to closing by completing form HUD 92800.5b. This includes, but is not limited to, ensuring marketable title, identifying needed repairs, proper insurance, arrangements for Federal debts have been made, release of mechanic's liens, and reviewing existing debt structure. The form HUD-92800.5b is approved under OMB Control Number 2502-0494, and HUD requests no burden hours in this submission.

Form HUD-92561, Mortgagor's Contract with Respect to Hotel and Transient Use of Property is required on two, three, or four-unit properties to assure that dwellings are used in accordance with program objectives. The information is required when page 2, Section V, item 22e (Borrower's Certification), on form HUD-92900-A is answered in the affirmative. Form HUD-92561 is approved under OMB Information Collection 2502-0059, and HUD requests no burden hours in this submission.

For FHA-approved condominium approved projects and individual single units in non-FHA approved condominium project, the lender must complete and submit form HUD-9991 FHA Condominium Loan Level/Single-Unit Approval Questionnaire and form HUD-9992 FHA Condominium Project Approval Questionnaire to ensure the condominium continues to meet FHA property eligibility requirements. Form HUD-9991 and Form HUD-9992 are approved under OMB Control Number 2502-0610, therefore, HUD requests no burden hours in this submission.

HUD requires lenders to conduct and complete a financial assessment of applicants prior to approval of an FHA-insured HECM. The financial assessment allows the lender to ensure that the HECM proceeds, along with other sources of household income, are sufficient for borrowers to pay ongoing property related expenses, such as property taxes and insurance; determine the borrower's willingness and capacity to timely meet his or her financial obligations and comply with the mortgage requirements; and determine if the HECM will represent a sustainable solution to the borrower's financial circumstances. (24 CFR 206.37)

Financial Assessment requirements include:

- Performing the credit history analysis;
- Performing the cash flow/residual income analysis;
- Documenting and verifying credit, income, assets, and property charges;
- Evaluating extenuating circumstances and compensating factors;
- Evaluating the results of the financial assessment in determining eligibility for the HECM;
- Determining if funding sources for property changes from HECM proceeds will be required; and
- Completing a HECM financial assessment worksheet.

HUD requests burden hours per response of 1.25 hours for the financial assessment.

Disclosure Requirements

Unique to the HECM loan, the lender must compute two interest rates: 1) the expected average mortgage interest rate, used to calculate the principal limit and payment plan, and 2) the mortgage interest (accrual or note) rate, to setup the loan. At loan application, the lender must provide the borrower with a written disclosure explaining any adjustable interest rate features of a mortgage that will include circumstances in which the rate may increase; limitations on the increase; and the effect of an increase. Lenders are required to disclose the current index amount; the date of publication of the index; and the new interest rate, at least 25 days before any adjustment to the interest rate occurs. (24 CFR 206.21) (OMB Information Collection 2502-0322)

The lender bears the responsibility of ensuring the loan meets FHA requirements and applicable State laws. As a standard mortgage business practice, the lender has the responsibility of communicating the terms and conditions of the mortgage transaction, as described in the Note, Security Instrument, Loan Agreement and Exhibits, Good Faith Estimate, Truth-In Lending Act Disclosure, and other legal documents. The terms and conditions of the mortgage transaction, payment plan options and available interest rates are discussed at loan application with the borrower. (OMB Information 2502-0059 and OMB Information Collection 3170-0016).

HUD also requires lenders to inform borrowers of all of the HECM products, features and options that FHA insures. Additionally, except for the Single Disbursement Lump Sum HECM, HUD requires lenders to inform borrowers that they may make post-closing changes to HECM payment options. HUD plans to create a model “product” disclosure form that can be used by the industry to disseminate the required information to the borrower. HUD requests no burden hours in this submission.

Seasoning Requirements

HUD restricts the payoff of non-existing HECM liens to liens that have been in place for a period that exceeds 12 months and liens that have been in place for less than 12 months

where the borrower has received cash in an amount of \$500 or less. HUD will also permit the pay-off of a Home Equity Line of Credit (HELOC) regardless of the timing or amount of the HELOC, as long as the pay-off amount does not exceed first year disbursement limits. (24 CFR 206.36) The lender must include documentation that supports the payoff of non-existing HECM liens and HELOCs that meets the aforementioned criteria, in the case binder. (OMB Information Collection 2502-0059) HUD requests no burden hours with this submission.

Refinance Requirements

Section 201 of the American Homeownership and Economic Opportunity Act of 2000 (Pub. L. 106-569, approved December 27, 2000) amended the NHA to authorize the refinancing of existing HECMs. For each refinance HECM, the lender must complete an Anti-Churning Disclosure form (HUD-92901) to ensure that the borrower is not being induced into refinancing an existing HECM without benefit or solely for the benefit of the lender. The Anti-Churning form will disclose the total cost of the refinancing transaction based upon the lender's estimate and provide the borrower with an estimate of the new principal limit amount. With this submission, HUD requests burden hours per response of .50 hours.

Purchase Requirements

The Housing and Economic Recovery Act of 2008 (HERA), Section 2122(a)(9), amended Section 255 of the National Housing Act to authorize HUD to insure HECMs used for the purchase of a 1- to 4-family dwelling unit.

For purchase transactions where the sales contract does not contain a provision that there are no other agreements between the parties and that the terms of the sales contract constitute the entire agreement between the parties, a certification from the borrower, seller and settlement agent is obtained to ensure that borrowers make the required monetary investment from an acceptable funding source (24 CFR 206.44). The certification is included as an addendum to the HUD-1 Settlement Statement that is required by the Real Estate Settlement Procedures Act (Regulation X). (OMB Information Collection 3170-0016).

For newly built properties that will serve as collateral for the HECM, HUD intends to require the submission of the following forms:

- form HUD-92544, Warranty of Completion of Construction. The form is called for on page 3 of the form HUD-92900-A as an "additional condition" before FHA can insure the mortgage.
 - form HUD-92541, Builder's Certification of Plans, Specifications, and Site. The form is needed to ensure the property meets FHA minimum property requirements and standards. (24 CFR 206.47)
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- form HUD-NPMA-99-A, Subterranean Termite Protection Builder's Guarantee. The builder provides a guarantee to the buyer that the property has been treated for termites or the home was built with home with pressured treated lumber. lender obtains information from the builder concerning the building material used to construct the home for a determination of whether termite treatment is needed.
- form HUD-NPMA-99-B, New Construction Subterranean Termite Service Record. The builder certifies that an authorized Pest Control company performed all required treatment for termites, and that the builder guarantees the treated area against infestation for one year. These forms are approved under OMB Collection 2502-0525. HUD requests 0.63 burden hours with this submission.

Closing

In accordance with 206.43, the lender must 1) disclose to the borrower, all costs of obtaining the mortgage and clearly state which charges are required to obtain the mortgage and which are not required to obtain the mortgage; 2) ask the borrower about any costs or other obligations that the borrower has incurred to obtain the mortgage; and 3) make sufficient inquiry, at closing, to confirm that the borrower will not use any part of the amount initial disbursement for payments to or on behalf of an estate planning service firm when the borrower requests at least 25% of the net principal limit at closing. At closing, the lender and borrower will review and execute the HUD-1, HUD-1 Addendum, and other loan documents (OMB Information Collection 3170-0016). After closing, the lender bears the responsibility of issuing loan payments to borrowers, according to their selected payment plan option, and ensuring the completion of repairs as evidenced by form HUD-92051 Compliance Inspection Report or form HUD-92300 Mortgagee's Assurance of Completion (OMB Information Collection 2502-0189). HUD requests no burden hours in this submission.

As a requirement of the Truth in Lending Act (Regulation Z), the borrower must receive a Good Faith Estimate and Total Annual Loan Cost. The Good Faith Estimate provides the borrower with an understanding of the amount needed to close the mortgage transaction and the amount available to the borrower. The Total Annual Loan Cost projects costs of the loan over time and is expressed as an interest rate that is similar to an annual percentage rate. A Truth in Lending Act (TILA) Disclosure is also provided to the borrower and states whether the loan is an open-end or closed-end credit. The TILA is not collected by HUD. The Loan Agreement describes the lender's conditions for making loan advances to the borrower as described in the Note and Security Instrument. It defines financial terms and documents used in the mortgage transaction. The lender provides the Loan Agreement concurrently with the Note and Security Instrument. The Note serves as a promissory note of repayment and the Security Instrument is used to secure a lien against the property. These documents are executed by the borrower and mortgagors and used throughout the mortgage industry. (OMB Information 2502-0059

and OMB Information Collection 3170-0050). HUD requests no burden hours in this submission.

At closing, lenders must obtain signed certifications from borrowers, non-borrowing spouses and non-borrowing owners. The certifications, which require no research on the part of borrowers and non-borrowers, outline the conditions under which the non-borrowing spouse may live in the home following the borrower's death or move to a health care facility, serve as evidence to their consent for their spouse or other non-borrowing owner obtaining the HECM, and acknowledgement that the property will serve as collateral for the HECM and acknowledgment of the terms and conditions of the mortgage. Lenders must obtain documentation from the borrower when a new mortgage is originated and evidence to support all HECM program requirements are met, including the payoff of the existing insured mortgage was satisfied prior to or at the closing of the new HECM. The documentation would be included in the case binder. (OMB Information Collection 2502-0059) HUD requests no burden hours with this submission.

Endorsement

Lenders are required to submit case binders to HUD for review and endorsement. (OMB Information 2502-0059) Mortgagee Letter 2014-21 includes a list of required documents for endorsement. The HUD intends to republish the HECM pre-endorsement listing to include purchase transaction forms that will be required as a condition of FHA insurance.

- 3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.**

Vendors are currently supplying lenders with soft copies of the Note, Security Instrument, Loan Agreement, and certifications required at closing. The HUD Website allows lenders and counselors to download HUD forms. Automated technology is being used to submit the appraisal report (Fannie Mae forms 1004, 1004c, 1073, 1025) to HUD, for the calculation of payment plan options, and all documents that must be submitted in a case binder to HUD for review and a final insurance decision. Each loan application has its own unique characteristics of property, mortgage amount and borrower data; therefore, the use of computers can only be applied to the storage and retrieval of reference information and not to the burden-reduction aspect. The burden is the minimum and consistent with the statutory and regulatory requirements.

- 4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

This information collection is not collected elsewhere.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.

No significant impact on small businesses or other small entities.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

The information is necessary to screen mortgage insurance applications in order to protect the FHA insurance fund and the interests of consumers and potential borrowers. Without the collection of information, the Federal Program would be open for misuse by “interested third parties,” such as estate planning service firms and the Federal Program could be open for misuse by lenders and could create an abundance of consumer complaints because the borrower didn’t understand the program requirements.

7. Explain any special circumstances requiring:

• respondents to report information to the agency more often than quarterly;

• Respondents are required to submit case binders to HUD for review and endorsement, within 60 days of loan closing. OMB Information Collection 2502-0059 lists the required documents needed for HUD endorsement of the loan and the burden hours associated with this information collection. The frequency of this process is daily and necessary to protect the FHA insurance fund and the interests of consumers and potential borrowers.

• respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;

• A written response to this collection of information is not required in fewer than 30 days after receipt of the information.

• respondents to submit more than an original and two copies of any document;

• Respondents are not required to submit more than an original and two copies of any document.

• respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years;

• Respondents are not required to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for no less than three years.

• in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;

• Not applicable to this collection.

• the use of a statistical data classification that has not been reviewed and approved by OMB;

• Not applicable to this collection.

• a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that

are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use;

- The information collections take into consideration the need to assure data confidentiality and provide adequate Privacy Act Statement notices where needed. Therefore this information collection does not include a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use.

• requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

- Not applicable to this collection.

- 8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported. Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years - even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.**

The agency notice soliciting comments on the information collection for OMB #2502-0524 was published in the Federal Register on (September 17, 2020: Vol: 85, Number 181, Page 58068).

- 9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.**

No gifts are paid to respondents.

- 10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.**

The Privacy Act of 1974 protects respondents, who meet the information reporting requirements.

- 11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.**

Subsection 255(j) of the National Housing Act provides that a HECM that does not contain a "Safeguard to Prevent Displacement of Homeowner," which defers repayment of the loan obligation until "the homeowner's death, the sale of the home, or the occurrence of other events specified in the regulations of the Secretary," is ineligible for FHA insurance. Therefore, it is necessary for lenders to inquire and determine the marital status of prospective borrowers. For married borrower, it is necessary for lenders to collect marital documentation so that the insurance eligibility "Safeguard" requirement can be extended to any non-borrowing spouse.

- 12. Provide estimates of the hour burden of the collection of information. The statement should:**

- *** Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than**
- **10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.**
- *** If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.**
- *** Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 13.**

The following are the estimates of the burden hours for the collection of information. The annual response for each collection represents activity average for fiscal years 2017, 2018 and 2019.

Item No.	Information Collection	No. of Respondents	Frequency	Total Annual Responses	Hours Per Response	Total Annual Hours	Cost per Hour	Total Annual Cost
A	Lender Conducts Financial Assessment	2375	25	59,375	1.25	74,218.75	\$56.53	\$4,195,585.94
B	HUD-92901	2375	25	59,375	0.5	29,687.50	\$56.53	\$1,678,234.38
C	Non-Borrowing Spouse Documentation	2375	25	59,375	0.16	9,500.00	\$56.53	\$537,035.00
D	HUD-92541	2375	2	4,750	0.25	1,187.50	\$56.53	\$67,129.38
E	NPMA-99A	2375	2	4,750	0.08	380.00	\$56.53	\$21,481.40
F	NPMA-99B	2375	2	4,750	0.25	1,187.50	\$56.53	\$67,129.38
G	HUD-92544	2375	2	4,750	0.05	237.50	\$56.53	\$13,425.88
	Totals	2,375		59,375	2.54	116,398.75		\$ 6,566,595.46

Estimated cost for respondents is calculated from the May 2018 U.S. Department of Labor, Bureau of Labor Statistics website (https://www.bls.gov/oes/current/oes_nat.htm). The combined estimated hourly rate of \$56.53 breaks down to an hourly rate of \$36.67 for the loan officer and \$19.86 per hour for the Loan Processing Clerk.

13. Provide an estimate for the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

There are no additional costs to respondents or record keepers resulting from the collection of this information.

14. Provide estimates of annualized costs to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies may also aggregate cost estimates from Items 12, 13, and 14 in a single table.

HUD performs quality assurance reviews of approximately two percent of all HECM case binders. Quality assurance reviews are performed by HUD staff to verify the lender

performed due diligence in originating the loan and all HECM program requirements were met. This includes, verifying interest rates and financial calculations, ensuring borrower and property eligibility requirements were met, and reviewing financial assessment documentation. The cost to the Federal Government is based on the work being performed by the equivalent of GS-12, Step 5.

Information Collection	Total Responses	Burden Hours Per Response	Total Annual Hours	Hourly Cost	Total Annual Cost
Lender Financial Assessment	1,188	1	1,188.00	\$43.90	\$ 52,131.20
HUD-92901	119	0.50	59.50	\$43.90	\$ 2,612.05
Non-Borrowing Spouse Documentation	1,188	0.10	118.80	\$43.90	\$ 5,215.32
HUD-92541	95	0.05	4.75	\$43.90	\$ 208.53
NPMA-99A	95	0.03	2.85	\$43.90	\$ 125.12
NPMA-99B	95	0.03	2.85	\$43.90	\$ 125.12
HUD-92544	95	0.03	2.85	\$43.90	\$ 125.12
Totals	2875	1.74	1,379.60		\$ 60,564.44

(59,375 X 0.02 = 1,187.5 4,750 X 0.02 = 95)

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.

This is a revision of a currently approved collection. Due to conditions in the mortgage banking industry, the volume of HECM originations has declined annually from 55,291 in fiscal year 2017 to 31,270 in fiscal year 2019. With this decrease in activity, the information collection results in a decrease in the estimated annual responses and annual burden hours. Minor changes are made to the model forms.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

The results of this information collection will not be published because the data contains personal information.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

HUD is not seeking approval to avoid displaying the OMB expiration date.

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.

There are no exceptions to the certification statement identified in item 19 of the OMB 83-I. The forms will be modified upon OMB review.

B. Collections of Information Employing Statistical Methods.

The agency should be prepared to justify its decision not to use statistical methods in any case where such methods might reduce burden or improve accuracy of results. When Item 17 on the Form OMB 83-I is checked, "Yes," the following documentation should be included in the Supporting Statement to the extent that it applies to the methods proposed:

Statistical methods are not used as they would not increase accuracy or reduce reporting burden.
