

February 21, 2017

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QDAM
Department of Housing and Urban Development
451 7th Street SW.
Room 4176
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Re: [Docket No. FR-5913-N-37]; 60-Day Notice of Proposed Information Collection: HUD Conditional Commitment/Statement of Appraised Value

Introduction

The National Reverse Mortgage Lenders Association (“NRMLA”) is the national voice of the reverse mortgage industry. With over 300 member companies and over 2,000 member delegates, NRMLA serves as an educational resource, policy advocate and public affairs center for lenders and related professionals. NRMLA was established in 1997 to enhance the professionalism of the reverse mortgage industry. Our mission includes educating industry participants on best practices, regulatory requirements and market dynamics; providing helpful information to consumers about reverse mortgages; enforcing our Code of Ethics and Professional Responsibility;¹ and offering insight to policymakers working on reverse mortgage matters and related issues.

Overview

On December 8, 2016, the Office of the Assistant Secretary for Housing-Federal Housing Commissioner, (“HUD”), issued a Notice seeking approval from the Office of Management and Budget (“OMB”) for the collection of information regarding form HUD-92800.5B. In accordance with the Paperwork Reduction Act,² HUD is requesting comment from all interested parties on the proposed collection of information. Comments are due February 21, 2017.

Form HUD 92800.5B serves as the mortgagee’s conditional commitment/direct endorsement statement of value of FHA mortgage insurance on the subject property. The form provides a section for a statement of the property’s appraised value and other required FHA disclosures to the applicant 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.

The Notice solicits comments from members of the public and affected parties concerning the collection of information described above on the following:

¹ *Code of Ethics & Professional Responsibility*, NRMLA, <http://www.nrmlaonline.org/nrmla/ethics/conduct.aspx>.

² Section 3507 of the Paperwork Reduction Act of 1995, 44 U.S.C. § 3501 *et seq.*

- (1) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- (2) The accuracy of the agency's estimate of the burden of the proposed collection of information;
- (3) Ways to enhance the quality, utility, and clarity of the information to be collected; and
- (4) Ways to minimize the burden of the collection of information on those who are to respond; including through the use of appropriate automated collection techniques or other forms of information technology, e.g., permitting electronic submission of responses.

HUD encourages interested parties to submit comment in response to these questions. As the national voice of the reverse mortgage industry, based upon feedback from our membership, we are pleased to submit the comments below, especially in the area of ways to enhance the quality, utility, and clarity of the information to be collected.

Comments

HUD-92800.5B - Conditional Commitment

Maximum Claim Amount

The HUD HECM Handbook requires that the HUD-92800.5B indicate the maximum claim amount in the "Specific Commitment Conditions" section.³ Thus, the maximum claim amount for a senior's home used to secure HECM loan should be included in the HUD Form 92800.5B.

30 Day Appraisal Extension

The HUD Form 92800.5B should be amended to take into account those instances wherein a 30-day appraisal extension may be granted.⁴

Flood Insurance

A line should be added to the HUD Form 92800.5B to indicate the presence and/or requirement of flood insurance.

Change "Fire Insurance" to "Hazard Insurance"

The references to "fire insurance" in the HUD Form 92800.5B should be changed to "hazard insurance."

Change from Condominium Common Charges to HOA Fees, and include Ground Rents & Other Assessments

The references to Condominium Common Charges (abbreviated as "Condo. Com. Exp." in HUD Form 92800.5B) should be changed to HOA fees and should include Ground Rents and Other Assessments.

³ FHA Single Family HECM Handbook 4235.1, REV-1, ¶ 3-9(D).

⁴ An appraisal is valid for 120 days. The 120 Day validity period for an appraisal may be extended for 30 Days at the option of the mortgagee if (1) the mortgagee approved the mortgagor or HUD issued the firm commitment before the expiration of the original appraisal; or (2) the mortgagor signed a valid sales contract prior to the expiration date of the appraisal. See HECM Financial Assessment and Property Charge Guide (Rev. July 13, 2016), ¶ 1.13: Appraisal Validity.

A Line Should be Added for Other Assessments

If the change requested immediately above with regard to HOA Fees is not fully implemented, a separate line in HUD Form 92800.5B should be added for "Other Assessment." Alternatively, even if the change requested immediately above with regard to HOA Fees is fully implemented, a separate line in HUD Form 92800.5B should be added for "Other Assessment."

Reduce the Size of HUD Form 92800.5

HUD should reduce HUD Form 92800.5B from a 6 page document to a 2 page document as a significant amount of the information on this form is also contained in the appraisal report, which must be provided to the borrower.

Information Field

HUD should remove the "Information" field from the HUD Form 92800.5B because the information referenced therein is not contained on the HUD Form 92900A for taxes and insurance, and, thus, the disclosure of this information on the HUD Form 92800.5B is not relevant.

Conclusion

NRMLA appreciates your consideration of our comments herein. We trust that you will find our comments above helpful and that you will view and act upon them with favor.

Very truly yours,



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