

# Paperwork Reduction Act Submission

Please read the instruction before completing this form. For additional forms or assistance in completing this forms, contact your agency's Paperwork Reduction Officer. Send two copies of this form, the collection instrument to be reviewed, the Supporting Statement, and any additional documentation to: Office of Information and Regulatory Affairs, Office of Management and Budget, Docket Library, Room 10102, 725 Seventeenth St. NW, Washington, DC 20503.

1. Agency/Subagency Originating Request: <b>U.S. Department of Housing and Urban Development</b> Office of Housing- Office of Single Family Asset Management	2. OMB Control Number: <b>2502-0429</b> b. <input type="checkbox"/> None
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3. Type of information collection: (check one) a. <input type="checkbox"/> New Collection b. <input checked="" type="checkbox"/> Revision of a currently approved collection c. <input type="checkbox"/> Extension of a currently approved collection d. <input type="checkbox"/> Reinstatement, <b>without change</b> , of previously approved collection for which approval has expired e. <input type="checkbox"/> Reinstatement, <b>with change</b> , of previously approved collection for which approval has expired f. <input type="checkbox"/> Existing collection in use without an OMB control number For b-f, note item A2 of Supporting Statement instructions.	4. Type of review requested: (check one) a. <input checked="" type="checkbox"/> Regular b. <input type="checkbox"/> Emergency - Approval requested by c. <input type="checkbox"/> Delegated 5. Small entities: Will this information collection have a significant economic impact on a substantial number of small entities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 6. Requested expiration date: a. <input checked="" type="checkbox"/> Three years form approval date b. <input type="checkbox"/> Other (specify)
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7. Title:  
**Single Family Application for Insurance Benefits**

8. Agency form number(s): (if applicable)  
HUD-27011, Parts A, B, C, D & E, and HUD-50002

9. Keywords:  
Housing, Mortgage Insurance, Loan Defaults, Home Mortgage Loans, Insurance Benefits

10. Abstract:  
This information collection is submitted to HUD by mortgagees and is used by HUD to process and pay claims on defaulted FHA-insured home mortgage loans.

11. Affected public: (mark primary with "P" and all others that apply with "X") a. Individuals or households b. <b>P</b> Business or other for-profit c. Not-for-profit institutions e. Farms f. Federal Government g. State, Local or Tribal Government	12. Obligation to respond: (mark primary with "P" and all others that apply with "X") a. Voluntary b. <b>P</b> Required to obtain or retain benefits c. Mandatory
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13. Annual reporting and recordkeeping hour burden: a. Number of respondents: 275 b. Total annual responses: 281,150 Percentage of these responses collected electronically: 75% c. Total annual hours requested: 337,441 d. Current OMB inventory: 150,025 e. Difference (+,-): +187,416 f. Explanation of difference: 1. Program change: 11,500 2. Adjustment: +175,916	14. Annual reporting and recordkeeping cost burden: (in thousands of dollars) a. Total annualized capital/startup costs b. Total annual costs (O&M) c. Total annualized cost requested d. Total annual cost requested e. Current OMB inventory f. Explanation of difference: 1. Program change: 2. Adjustment:
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15. Purpose of Information collection: (mark primary with "P" and all others that apply with "X") a. <b>P</b> Application for benefits b. Program evaluation c. General purpose statistics d. Audit e. Program planning or management f. Research g. <b>X</b> Regulatory or compliance	16. Frequency of recordkeeping or reporting: (check all that apply) a. <input checked="" type="checkbox"/> Recordkeeping b. <input type="checkbox"/> Third party disclosure b. <input checked="" type="checkbox"/> Reporting: 1. <input checked="" type="checkbox"/> On occasion 2. <input type="checkbox"/> Weekly 3. <input type="checkbox"/> Monthly 4. <input type="checkbox"/> Quarterly 5. <input type="checkbox"/> Semi-annually 6. <input type="checkbox"/> Annually 7. <input type="checkbox"/> Biannually 8. <input type="checkbox"/> Other (describe)
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17. Statistical methods: Does this information collection employ statistical methods? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	18. Agency contact: (person who can best answer questions regarding the content of this submission) Name: Robert Juenger Phone: (202) 708-1672 ext. 4966
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## 19. Certification for Paperwork Reduction Act Submissions

On behalf of this Federal Agency, I certify that the collection of information encompassed by this request complies with 5 CFR 1320.9.

**Note:** The text of 5 CFR 1320.9, and the related provisions of 5 CFR 1320/8(b)(3) appears at the end of the instructions. The certification is to be made with reference to those regulatory provisions as set forth in the instructions.

The following is a summary of the topics, regarding the proposed collections of information that the certification covers:

- (a) It is necessary for the proper performance of agency functions;
- (b) It avoids unnecessary duplication;
- (c) It reduces burden on small entities;
- (d) It uses plain, coherent, and unambiguous terminology that is understandable to respondents;
- (e) Its implementation will be consistent and compatible with current reporting and recordkeeping practices;
- (f) It indicates the retention periods for recordkeeping requirements;
- (g) It informs respondents of the information called for under 5 CFR 1320.8(b)(3):
  - (i) Why the information is being collected;
  - (ii) Use of the information;
  - (iii) Burden estimate;
  - (iv) Nature of response (voluntary, required for a benefit, or mandatory);
  - (v) Nature and extent of confidentiality; and
  - (vi) Need to display currently valid OMB control number;
- (h) It was developed by an office that has planned and allocated resources for the efficient and effective management and use of the information to collected (see note in item 19 of the instructions);
- (i) It uses effective and efficient statistical survey methodology; and
- (j) It makes appropriate use of information technology.

If you are unable to certify compliance with any of these provisions, identify the item below and explain the reason in item 18 of the Supporting Statement.

Signature of Program Official:  X Kevin B. Perkins, Director, Organizational Policy, Planning and Analysis Division, HROA	Date:
Signature of Senior Officer or Designee:  X Lillian Deitzer, Departmental Reports Management Officer Office of Investment Strategies, Policy, and Management, Office of the Chief Information Officer	Date:

# Supporting Statement for Paperwork Reduction Act Submissions

## Single Family Application for Insurance Benefits OMB Control Number 2502-0429 (Form HUD-27011, Parts A, B, C, D, & E)

### A. Justification

1. For OMB 2502-429, authority for obtaining this information is provided in regulations Section 204(a) of the National Housing Act (12 U.S.C. 1710) which outlines the terms and conditions under which the Secretary of HUD may pay insurance benefits to a mortgagee for any insured mortgage. Regulations are found in 24 CFR 203-350 through 203-414 (copies attached for reference).
2. Form HUD-27011, Parts A, B, C, D and E is the only form used by FHA to allow mortgagees to claim insurance benefits on single-family mortgages. Mortgagees carry on loan servicing activities as a matter of standard business practice. Action for defaulted borrowers include, but are not limited to, deeds in lieu of foreclosure, pre-foreclosure sales, assumptions, special forbearances, partial claims, and recasting of mortgages. Information regarding the verification of residence or employment, condition of property, short and long-term plans for housing and employment, and access to financial services may be collected for evaluation of appropriate loss mitigation. All information collected to some degree is standard business practice, however, due to HUD's claim process HUD ascribes burden hours thereto. In most cases the mortgagees will not board up vacant properties but in a minority of cases there may be cause for preservation and protection of the property. Actions may be taken on a case-by-case basis after they are reviewed and approved by the local HUD office. Collection of information and FHA documentation is retained for a period of three years and may be stored in paper or electronic media after final and supplemental payments. Continuation of this form is essential to continue processing and paying the approximate 235,000 claims that are submitted annually.

The state of Mississippi has established an action plan for use of Federal Community Development Block Grant (CDBG) funds. In connection with its CDBG Homeowner Grant Assistance program homeowners who suffered flood damage from Hurricane Katrina to a primary residence that was not located in a FEMA designated special flood hazard area as of August 29, 2005 may receive a one-time grant payment. In exchange for the grant payment, a qualifying homeowner must agree to have certain covenants placed on the property and all existing lienholders must subordinate their liens to those covenants. HUD may hold a junior lien on an eligible property as security for a partial claim payment or Section 235 subsidy mortgage and have to subordinate the lien to the state required covenants in order for the homeowner to receive state CDBG funds. We estimate that 2,098 active FHA-insured loans in Mississippi have Hurricane Katrina related flooding that would be eligible for the state CDBG grants. However, based on partial claim usage on the FHA-insured portfolio, only 25 of those properties may have a HUD-held junior lien on them that would need to be subordinated to the state required covenants. HUD will execute needed subordination documents upon request.

HUD is requesting approval for a new form, HUD-50002, Request to Exceed Cost Limits for Preservation and Protection. HUD allows certain amounts for lenders to spend on the preservation and protection of mortgaged properties. If a specific service cannot be performed at the scheduled rate, the lender must request HUD permission to exceed that cost limit. 24 CFR 203.402(g)(1) and (g)(2) require prior HUD approval to exceed scheduled amounts.

3. Since the Department has mandated the use of an electronic version of this form permitting claims to be transmitted via Electronic Data Interchange (EDI), there have been significant benefits to both the Government and mortgagees. EDI is used for approximately 95% of all claims submitted. The remaining 5% of paper-based submissions are used in Supplemental and HECM claims. Our current computer system

does not possess the coding and programming necessary to accept these claims. However, we anticipate including these claims as future modifications occur with our computer software. Currently, automation for this small number of claims is not cost-effective.

Form HUD-50002 may be faxed or emailed.

4. This information collection relies on “one-time” data capture techniques. There is no duplication involved.
5. There will be no impact on small businesses or other small entities.
6. Applications on form HUD-27011 are made as required by mortgagees in response to actual conditions (to request insurance benefits). If this information collection is not submitted, the FHA insurance fund could experience fraud, waste, or mismanagement. If lenders are not able to request permission to exceed cost limits, delays in preservation and protection could leave security property vulnerable to vandalism and/or damage due to weather conditions.
7. The Part A claim filing and collection of information is required 30 days after obtaining marketable title and possession of the real property. Additional time may be extended to complete the title examination and perfect title. The Part B or Fiscal Data claim filing is required within 45 days of the date the deed is filed for record or 15 calendar days after the of the title approval, which ever is later.

There are no time requirements for filing a HUD-50002, other than it must be submitted and approved before services exceeding cost limitations are performed. In practicality, these forms are submitted by lenders quickly upon discovering that HUD approval is required.

8. The announcement was published in the *Federal Register* on July 28, 2006 (Vol. 71, No. 145, page 42869). No comments were received. The Mortgage Bankers Association (MBA) surveyed their membership on the use of the form. Support was given for the continued use of the form. HUD tracks and maintains the number of active mortgagees filing claims in addition to detailed data concerning the different type of claims. This data was extracted to establish our volume and costs for this submission.
9. The form HUD-27011 is used only to pay claims to mortgagees for bona fide insured loans that are part of an existing collection of records (the FHA insurance portfolio). The form HUD-50002 is used to allow lenders to exceed reimbursable cost limitations for preservation and protection work. There are no other payments or gifts provided to the respondents.
10. Neither Federal regulations nor agency policy promises confidentiality to the respondents, who are members of the mortgage banking industry. However, records will be maintained with appropriate administrative, technical, and physical safeguards to ensure their security and confidentiality.
11. The claim form does not require information of a sensitive nature.

12. Estimated burden and costs to the respondents:

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost	Annual Cost
HUD-27011 & Parts A/B/C/D/E	275	Avg. 855*	235,125	1.33	312,716	\$25.00	7,817,900
Request to subordinate HUD-held mortgage		Varies	25	1.0	25	\$25.00	625
HUD-50002		Varies	46,000	.25	11,500	\$25.00	287,500
Recordkeeping					48	13,200	25.00
Totals	275		281,150		337,441		8,436,025

\*Burden on respondents varies from 1 to 5,000 submissions annually because of different levels of activity and size of the FHA portfolio held by respondents. The hourly cost associated with this activity is on average based on an employee with an annual salary of \$50,000, assuming an expertise or skill level as a specialist based on a nationwide average. Recordkeeping is estimated to be 4 hours per month.

13. There are no additional costs to respondents.

14. Estimated costs for the Federal government to process a claim form is approximately \$50.00 per hour times the number of claims submitted. That dollar estimate is based on the salary of a GS-14, step 5.

<u>Number of Responses</u>		<u>Cost Per Response</u>		<u>Total Cost</u>
281,150	x	\$50.00	=	\$14,057,500

15. This is a revision of a currently approved collection. HUD is requesting the addition of form HUD-50002, Request to Exceed Cost Limits for Preservation and Protection, an increase of 11,500 burden hours. There is an increase in burden hours because the number of annual responses has increased, and HUD has identified and requests approval for recordkeeping hours. However, the number of respondents stated in the last submission as 450 has decreased to 275 respondents because there has been a decrease of mortgagees and servicers. The reason is that a number of smaller mortgagees have opted to discontinue the FHA mortgage lending business, and a number of other mortgagees have consolidated with bigger companies. Many mortgagees do not service their own loans but contract out servicing to approximately 275 mortgage servicing companies.

16. The results of this information will not be published.

17. HUD is not seeking approval to avoid displaying the OMB expiration date. The claim form will display the OMB number.

18. There are no exceptions to the certification statement identified in item 19 of the OMB 83-I.

**B. Collections of Information Employing Statistical Methods**

No statistical methods will be used in the collection of information on the form HUD-27011.