

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: U.S. Department of Housing and Urban Development Single Family Asset Management and Disposition Division, Housing		2. OMB Control Number: a. 2502-0565 b. <input type="checkbox"/> None	
3. Type of information collection: (check one) a. <input type="checkbox"/> New Collection b. <input type="checkbox"/> Revision of a currently approved collection c. <input checked="" type="checkbox"/> Extension of a currently approved collection d. <input type="checkbox"/> Reinstatement, without change , of previously approved collection for which approval has expired e. <input type="checkbox"/> Reinstatement, with change , 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 from approval date b. <input type="checkbox"/> Other (specify)	
7. Title: Servicemembers Civil Relief			
8. Agency form number(s): (if applicable) HUD-92070			
9. Keywords: Housing, Mortgage Insurance, Loss Mitigation Evaluation, Servicing			
10. Abstract: Federal law requires lenders to send a statement or notice homeowners in default explaining the mortgage and foreclosure rights of servicemembers and their dependents under the Servicemembers Civil Relief Act (50 U.S.C. App. 501 et seq.), including the toll-free military one source number to call if servicemembers, or their dependents require further assistance. This notification must be made within 45 days from the date the missed payment was due unless the homeowner pays the overdue amount before the expiration of the 45-day period.			
11. Affected public: (mark primary with "P" and all others that apply with "X") a. Individuals or households e. Farms b. P Business or other for-profit f. Federal Government c. Not-for-profit institutions g. State, Local or Tribal Government		12. Obligation to respond: (mark primary with "P" and all others that apply with "X") a. Voluntary b. Required to obtain or retain benefits c. X Mandatory	
13. Annual reporting and recordkeeping hour burden: a. Number of respondents 7,695 b. Total annual responses 2,113,195 Percentage of these responses collected electronically 0% c. Total annual hours requested 533,744 d. Current OMB inventory 533,744 e. Difference (+,-) 0 f. Explanation of difference: 1. Program change: 0 2. Adjustment:		14. Annual reporting and recordkeeping cost burden: (in thousands of dollars) Do not include costs based on the hours in item 13. 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:	
15. Purpose of Information collection: (mark primary with "P" and all others that apply with "X") a. Application for benefits e. X Program planning or management b. Program evaluation f. Research c. General purpose statistics g. P Regulatory or compliance d. Audit		16. Frequency of recordkeeping or reporting: (check all that apply) a. <input checked="" type="checkbox"/> Recordkeeping b. <input checked="" type="checkbox"/> Third party disclosure c. <input 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"/> Biennially 8. <input type="checkbox"/> Other (describe)	
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: Ann Layburn Phone: (202) 402-2928	

19. Certification for Paperwork Reduction Act Submissions

On behalf of the U.S. Department of Housing and Urban Development, 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:

Date:

X
Kevin B. Perkins, Director, Organizational Policy, Planning and Analysis Division, HROA

Signature of Senior Officer or Designee:

Date:

X
Lillian Deitzer, Departmental Reports Management Officer
Office of the Chief Information Officer

Supporting Statement for Paperwork Reduction Act Submissions

Servicemembers Civil Relief OMB Control Number 2502-0565 HUD-92070

A. Justification

1. Section 688 of the National Defense Authorization Act for fiscal year 2006 (public law 109-163, enacted January 06, 2006) amended the required content of notifications of homeownership counseling availability under section 106(c)(5)(A)(ii) of the Housing and Urban Development Act (12 U.S.C. 1701x(c)(5)(A)(ii)). The amendment adds a subclause (IV) that requires a statement or notice be sent to homeowners in default explaining the mortgage and foreclosure rights of servicemembers and their dependents under the Servicemembers Civil Relief Act (50 U.S.C. App. 501 et seq.), including the toll-free military one source number to call if servicemembers, or their dependents require further assistance. This notification must be made within 45 days from the date the missed payment was due unless the homeowner pays the overdue amount before the expiration of the 45-day period. All conventional mortgage loans and loans insured by HUD are subject to the notification requirement.

The statutory amendment directed HUD to develop the form which requires creditors to notify servicemembers about their mortgage and foreclosure rights under the Servicemembers Civil Relief Act in consultation with the Departments of Defense and the Treasury. The developed disclosure form is attached. Mortgagees and their servicers may use this general form for required notices on all conventional and government insured home loans.

The Servicemembers Civil Relief Act (SCRA), as amended by Public Law 108-189, 117 STAT. 2835, (50 USC App. §§ 501-596) effective December 19, 2003, provides certain legal protections and debt relief to servicemembers on “active duty” or “active service” as defined in the Act and to their dependents. The SCRA states that, a debt incurred by a servicemember, or spouse jointly, prior to entering military service shall not bear interest at a rate above 6 percent during the period of military service. The SCRA also states that, in a legal action to enforce a debt against real estate that is filed during, or within 90 days after the servicemember’s military service, a court may stop the proceedings for a period of time, or adjust the debt. In addition, the sale, foreclosure, or seizure of real estate shall not be valid if it occurs during, or within 90 days after the servicemember’s military service unless the creditor has obtained a court order approving the sale, foreclosure, or seizure of the real estate.

The SCRA speaks directly to creditors and servicemembers and no federal implementing regulations have been published. However, HUD has issued instructions to mortgagees regarding the application of the SCRA to FHA-insured loans and has promulgated regulations containing additional special relief provisions for servicemembers. Those measures are discussed below.

Reduction of Monthly Payments on FHA-Insured Loans

When, pursuant to the SCRA, interest must be reduced to six percent on an FHA-insured loan, the mortgagee must notify the servicemember or representative of the adjusted amount due, provide adjusted coupons or billings, and ensure that the reduced payments are not returned as insufficient. Mortgagees may calculate interest due for the period of active duty on a per diem basis, or permit the lower interest rate for the entire first and last month of military service.

If the mortgagee was not notified that the mortgagor is on active military duty, but receives a reduced payment that approximates an interest reduction to six percent, mortgagees are directed to make an effort to

contact the mortgagor or a representative to determine whether the mortgagor is on active duty. If an appropriate explanation is not provided, the mortgagee may return the insufficient payment in accordance with 24 CFR § 203.556.

Section 235 Mortgage Insurance and Assistance Payments Program

A few Section 235 mortgages still receive assistance payments from HUD on behalf of lower-income mortgagors. Assistance on such loans may be affected by the six percent interest rate limitation under the SCRA. On all accounts receiving assistance when the note rate of interest exceeds six percent, the amount of assistance must be reanalyzed, and the subsidy amount must be recalculated using the full mortgage payment at a six percent rate when determining the amount of assistance. For some accounts, the interest rate deduction will cause the suspension of assistance for the period of active duty. Whenever an interest rate reduction is made with retroactive effect and the Section 235 assistance is reduced, any over-billed subsidy must be returned to the Department by refund or adjustment to the next Section 235 monthly billing. When active duty terminates and the note rate resumes, the assistance must be recalculated and restored. Income recertification requests received from mortgagors in accordance with 24 CFR § 235.355 must be processed expeditiously.

HUD Relief Provisions for Servicemembers on FHA-insured Loans

Postponement of Principal Payments

Under 24 CFR § 203.345 and 24 CFR § 203.472, the mortgagee may, by written agreement with the mortgagor, postpone for the period of military service and for three months thereafter any part of the monthly mortgage payment which represents amortization of principal. The regulation requires that the agreement contain a provision for the resumption of monthly payments after such period in amounts that will completely amortize the mortgage debt within the maturity as provided in the original mortgage. This agreement shall in no way affect the amount of the annual Mortgage Insurance Premium (MIP) that will continue to be calculated in accordance with the original amortization provisions of the mortgage.

Postponement of Foreclosure

Under provisions of 24 CFR § 203.346, the period during which the mortgagor is in military service shall be excluded in computing the period during which the mortgagee shall commence foreclosure or acquire the property by other means. Further, postponement or delay in prosecuting foreclosure proceedings during the period the mortgagor is in military service shall not be construed as a failure of the mortgagee to exercise reasonable diligence. In addition, HUD has authorized mortgagees to voluntarily withhold foreclosure with or without applying partial payments that advance the date of default.

Loss Mitigation

HUD has notified mortgagees that they must also consider all FHA loss mitigation options under 24 CFR § 203.501 for active duty military persons. Those options include special forbearance, loan modification, partial claim, pre-foreclosure sale and deed-in-lieu of foreclosure.

Verification of Military Service

50 U.S.C. App. § 582 of the SCRA directs the Department of Defense to furnish certificates of military service to requesting parties. To facilitate SCRA military service verifications, the Department's Defense Manpower Data Center (DMDC) has developed a secure public Internet access system through which any requester can quickly determine whether an individual is currently in the armed forces. The URL for SCRA

queries is <https://www.dmdc.osd.mil/owa/scra/home>. HUD has provided information and guidance on availability and use of this service for use by mortgagees who are otherwise unable to verify a mortgagor's military status.

2. Servicemembers become eligible for the interest rate limitation under the SCRA by providing to the mortgagee a written notice, a copy of the military orders calling the servicemember to military service and any orders further extending military service, not later than 180 days after the date of the servicemember's termination or release from military service. Upon receipt, the mortgagee must limit interest on the mortgage debt to no more than six percent per year effective as of the date on which the servicemember is called to military service. Only a court may grant the mortgagee an exception to the interest rate limitation and then, only if, in the opinion of the court, the ability of the servicemember to pay interest upon the obligation or liability at a rate in excess of six percent per year is not materially affected by reason of the servicemember's military service.

The information is used to ensure that servicemembers and their dependents receive notice of their mortgage and foreclosure rights under the SCRA and to document and verify eligibility of individuals for those benefits. The specific relief provisions for FHA-insured loans have been established to ensure that eligible servicemembers and dependants with FHA-insured loans are notified of and receive the authorized legal protections and debt relief. The required notices and information are exchanged between borrowers and their creditors and creditors maintain documentation regarding those contacts with their loan records. HUD does not require reports or otherwise collect information from creditors or borrowers on SCRA actions.

3. This information is not reported to HUD and HUD has not mandated any hardcopy or electronic format for collecting and maintaining Servicemember Civil Relief Act records. All notices and information collections required under the SCRA are specifically mandated by federal law.
4. This information is not collected electronically. There is no duplication of information. Mortgagees/servicers routinely exchange notices and information with borrowers and it is standard business practice to maintain documentation regarding such contacts. As long as the information is complete, HUD will accept the various record keeping formats already in use by mortgagees in evaluating compliance.
5. There is no impact on small businesses or other small entities.
6. Failure to provide notice of servicemember mortgage and foreclosure rights under the Servicemembers Civil Relief Act to borrowers in default would violate federal law and result in many individuals not receiving legal protections and debt relief to which they are entitled. Other information collections are needed to document and verify the eligibility of individuals for those benefits and to take necessary implementing actions with respect to mortgage loans.
7. **Pursuant to section 106(c)(5) of the Housing and Urban Development Act, the notice explaining the mortgage and foreclosure rights of servicemembers and their dependents under the Servicemembers Civil Relief Act must be made within 45 days from the date the missed payment was due unless the homeowner pays the overdue amount before the expiration of the 45-day period.**
8. Information collected is conducted in a manner consistent with the guidelines of 5 CFR 1320.8(d). The Notice announcing this collection of information appeared in the Federal Register on February 2, 2007 (Vol. 72, No. 22, page 5071). No comments were received.
9. **No payments are made to respondents.**
10. There is no promise of confidentiality.

11. There are no questions of a sensitive nature.

12. Estimated burden and costs to the respondents: Estimates are provided for both FHA-insured and non-FHA home loans because the new required creditor notice of servicemember mortgage and foreclosure rights applies to all home loans. Respondents are lender institutions as follows:

FHA-approved mortgage servicers	223
VA-approved mortgage servicers	250
Conventional-Prime lenders	7,000
Conventional-Sub-Prime lenders	222

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hours Per Response	Annual Burden Hours	Hourly Cost	Annual Cost
Default Notice–FHA loans (HUD form 92070)	223	Once per loan default	649,116	.25	162,279	\$25.00	\$4,056,975
(a) Verifications of Military Service – FHA Insured Loans		Once per debt relief request	5,000	.25	1,250	\$25.00	31,250
(b) Payment Adjustments – FHA Insured Loans		Once per debt relief request	5,000	1.00	5,000	\$25.00	125,000
(c) Principal Postponement/Loss Mitigation Actions – FHA Insured Loans		Per Default	2,500	1.00	2,500	\$25.00	62,500
Default Notice–VA loans (HUD form 92070)	250	Once per loan default	118,925	.25	29,731	\$25.00	743,281
Default Notice–Conv-Prime (HUD form 92070)	7,000	Once per loan default	573,708	.25	143,247	\$25.00	3,585,675
Default Notice–Conv-SubPrime (HUD form 92070)	222	Once per loan default	758,946	.25	189,737	\$25.00	4,743,425
TOTALS	7,695		2,113,195		533,744		\$13,348,106

*Burden on respondents varies widely because of differences in levels of activity and composition and size of the mortgage portfolio held by respondents. Hourly cost is based on an estimated average annual salary of lending personnel of \$52,000.

13. There are no other costs to the respondents.

14. There are no costs to the Federal government. The information is not reported to HUD. The mortgagee maintains all records relating to SCRA actions for FHA-insured loans on site and such documentation is only reviewed in connection with claim audits conducted on-site.

15. This is an extension of a currently approved collection. Estimated responses are based on in-house and external data on mortgage delinquencies, the number of new defaults annually and Mortgage Bankers Association Delinquency surveys.

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

17. **HUD is not requesting not to display the OMB expiration date.**

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 employed in the collection of this information.