

# 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.

|   |     |   |     |                           |     |  |    |                                 |    |                          |    |                     |    |                               |  |                    |  |                |    |  |  |
|---|-----|---|-----|---------------------------|-----|--|----|---------------------------------|----|--------------------------|----|---------------------|----|-------------------------------|--|--------------------|--|----------------|----|--|--|
| <p>1. Agency/Subagency Originating Request:<br/> <b>U.S. Department of Housing and Urban Development</b><br/>                 Office of Housing,<br/>                 Office of Finance &amp; Budget, Office of Financial Services</p>  |     | <p>2. OMB Control Number:<br/>                 a. <b>2502-0427</b>      b. None</p>   |     |                           |     |  |    |                                 |    |                          |    |                     |    |                               |  |                    |  |                |    |  |  |
| <p>3. Type of information collection: (check one)</p> <p>a. <input type="checkbox"/> New Collection</p> <p>b. <input type="checkbox"/> Revision of a currently approved collection</p> <p>c. <input checked="" type="checkbox"/> Extension of a currently approved collection</p> <p>d. <input type="checkbox"/> Reinstatement, <b>without change</b>, of previously approved collection for which approval has expired</p> <p>e. <input type="checkbox"/> Reinstatement, <b>with change</b>, of previously approved collection for which approval has expired</p> <p>f. <input type="checkbox"/> Existing collection in use without an OMB control number</p> <p>For b-f, note item A2 of Supporting Statement instructions.</p>   |     | <p>4. Type of review requested: (check one)</p> <p>a. <input checked="" type="checkbox"/> Regular</p> <p>b. <input type="checkbox"/> Emergency - Approval requested by</p> <p>c. <input type="checkbox"/> Delegated</p> <p>5. Small entities: Will this information collection have a significant economic impact on a substantial number of small entities?<br/> <input type="checkbox"/> Yes   <input checked="" type="checkbox"/> No</p> <p>6. Requested expiration date:<br/>                 a. <input checked="" type="checkbox"/> Three years from approval date    b. <input type="checkbox"/> Other (specify)</p>                |     |                           |     |  |    |                                 |    |                          |    |                     |    |                               |  |                    |  |                |    |  |  |
| <p>7. Title:<br/> <b>Mortgagee's Application for Partial Settlement (Multifamily Mortgage)</b></p>  |     |   |     |                           |     |  |    |                                 |    |                          |    |                     |    |                               |  |                    |  |                |    |  |  |
| <p>8. Agency form number(s): (if applicable)<br/> <b>HUD-2537</b></p>   |     |   |     |                           |     |  |    |                                 |    |                          |    |                     |    |                               |  |                    |  |                |    |  |  |
| <p>9. Keywords:<br/> <b>Housing, Mortgage Insurance</b></p>   |     |   |     |                           |     |  |    |                                 |    |                          |    |                     |    |                               |  |                    |  |                |    |  |  |
| <p>10. Abstract:<br/> <b>Multifamily Mortgagee's application for a partial insurance benefit payment within 24 to 48 hours after assignment or conveyance of defaulted MF mortgage. Information collected provides required data to process a partial claim payment within 24 to 48 hours after assignment or conveyance of a multifamily mortgage.</b></p>   |     |   |     |                           |     |  |    |                                 |    |                          |    |                     |    |                               |  |                    |  |                |    |  |  |
| <p>11. Affected public: (mark primary with "P" and all others that apply with "X")</p> <p>a. Individuals or households      e. Farms</p> <p>b. <b>P</b> Business or other for-profit      f. Federal Government</p> <p>c. Not-for-profit institutions      g. <input checked="" type="checkbox"/> State, Local or Tribal Government</p>   |     | <p>12. Obligation to respond: (mark primary with "P" and all others that apply with "X")</p> <p>a. Voluntary</p> <p>b. <b>P</b> Required to obtain or retain benefits</p> <p>c. Mandatory</p>   |     |                           |     |  |    |                                 |    |                          |    |                     |    |                               |  |                    |  |                |    |  |  |
| <p>13. Annual reporting and recordkeeping hour burden:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">a. Number of respondents</td> <td style="text-align: right;">215</td> </tr> <tr> <td>b. Total annual responses</td> <td style="text-align: right;">215</td> </tr> <tr> <td>    Percentage of these responses collected electronically</td> <td style="text-align: right;">0%</td> </tr> <tr> <td>c. Total annual hours requested</td> <td style="text-align: right;">57</td> </tr> <tr> <td>d. Current OMB inventory</td> <td style="text-align: right;">54</td> </tr> <tr> <td>e. Difference (+,-)</td> <td style="text-align: right;">+3</td> </tr> <tr> <td colspan="2">f. Explanation of difference:</td> </tr> <tr> <td>    1. Program change:</td> <td></td> </tr> <tr> <td>    2. Adjustment:</td> <td style="text-align: right;">+3</td> </tr> </table> |     | a. Number of respondents  | 215 | b. Total annual responses | 215 | Percentage of these responses collected electronically | 0% | c. Total annual hours requested | 57 | d. Current OMB inventory | 54 | e. Difference (+,-) | +3 | f. Explanation of difference: |  | 1. Program change: |  | 2. Adjustment: | +3 | <p>14. Annual reporting and recordkeeping cost burden: (in thousands of dollars)<br/>                 Do not include costs based on the hours in item 13.</p> <p>a. Total annualized capital/startup costs</p> <p>b. Total annual costs (O&amp;M)</p> <p>c. Total annualized cost requested</p> <p>d. Total annual cost requested</p> <p>e. Current OMB inventory</p> <p>f. Explanation of difference:</p> <p>    1. Program change:</p> <p>    2. Adjustment:</p> |  |
| a. Number of respondents  | 215 |   |     |                           |     |  |    |                                 |    |                          |    |                     |    |                               |  |                    |  |                |    |  |  |
| b. Total annual responses   | 215 |   |     |                           |     |  |    |                                 |    |                          |    |                     |    |                               |  |                    |  |                |    |  |  |
| Percentage of these responses collected electronically  | 0%  |   |     |                           |     |  |    |                                 |    |                          |    |                     |    |                               |  |                    |  |                |    |  |  |
| c. Total annual hours requested   | 57  |   |     |                           |     |  |    |                                 |    |                          |    |                     |    |                               |  |                    |  |                |    |  |  |
| d. Current OMB inventory  | 54  |   |     |                           |     |  |    |                                 |    |                          |    |                     |    |                               |  |                    |  |                |    |  |  |
| e. Difference (+,-)   | +3  |   |     |                           |     |  |    |                                 |    |                          |    |                     |    |                               |  |                    |  |                |    |  |  |
| f. Explanation of difference:   |     |   |     |                           |     |  |    |                                 |    |                          |    |                     |    |                               |  |                    |  |                |    |  |  |
| 1. Program change:  |     |   |     |                           |     |  |    |                                 |    |                          |    |                     |    |                               |  |                    |  |                |    |  |  |
| 2. Adjustment:  | +3  |   |     |                           |     |  |    |                                 |    |                          |    |                     |    |                               |  |                    |  |                |    |  |  |
| <p>15. Purpose of Information collection: (mark primary with "P" and all others that apply with "X")</p> <p>a. <b>P</b> Application for benefits      e. Program planning or management</p> <p>b. Program evaluation      f. Research</p> <p>c. General purpose statistics      g. Regulatory or compliance</p> <p>d. Audit</p>   |     | <p>16. Frequency of recordkeeping or reporting: (check all that apply)</p> <p>a. <input type="checkbox"/> Recordkeeping      b. <input type="checkbox"/> Third party disclosure</p> <p>c. <input checked="" type="checkbox"/> Reporting:</p> <p>    1. <input checked="" type="checkbox"/> On occasion      2. <input type="checkbox"/> Weekly      3. <input type="checkbox"/> Monthly</p> <p>    4. <input type="checkbox"/> Quarterly      5. <input type="checkbox"/> Semi-annually      6. <input type="checkbox"/> Annually</p> <p>    7. <input type="checkbox"/> Biennially      8. <input type="checkbox"/> Other (describe)</p> |     |                           |     |  |    |                                 |    |                          |    |                     |    |                               |  |                    |  |                |    |  |  |
| <p>17. Statistical methods:<br/>                 Does this information collection employ statistical methods?<br/> <input type="checkbox"/> Yes   <input checked="" type="checkbox"/> No</p>  |     | <p>18. Agency contact: (person who can best answer questions regarding the content of this submission)<br/>                 Name: Betty Belin<br/>                 Phone: 202-708-0614 ext. 2807</p>  |     |                           |     |  |    |                                 |    |                          |    |                     |    |                               |  |                    |  |                |    |  |  |

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## 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.

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Signature of Program Official:

Date:

X  
Michael Winiarski, Deputy Director, Organizational Policy Planning and Analysis Division, HROA

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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

## Mortgagee's Application for Partial Settlement (Multifamily Mortgage) OMB Control Number 2502-0427

### A. Justification

1. When a FHA-insured Multifamily mortgage goes into default, the Mortgagee may file a claim with the Secretary to receive the insurance benefits. Statute 12 USC 1713(g) – (r) provides that, ... “the Mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the Secretary, within a period and in accordance with rules and regulations to be prescribed by the Secretary of all rights and interest arising under the mortgage so in default... at its option and in accordance with regulation, and in a period to be determined by the Secretary, proceed to foreclosure on and obtain possession of or otherwise acquired such property after default and receive the benefits of the insurance as herein provided upon prompt conveyance to the Secretary the title of the property...” The Mortgagee may receive a portion of the benefits immediately after the assignment or conveyance.
2. The respondents are only those mortgagees that elect to assign property to HUD. There are approximately 215 such mortgagees annually. When the mortgagee notifies HUD of an election to assign a property to HUD, HUD sends the mortgagee an email with instructions for submitting its claim (see Attachment 1). This request addresses only the Application for Partial Settlement. Within 24 to 48 hours after an assignment or conveyance, the Secretary may pay the Mortgagee a partial amount of insurance benefits. This payment is made prior to the examination of the Mortgagee's claim. The information collected on the subject form, HUD-2537 (Mortgagee's Application for Partial Settlement-Multifamily Mortgage), provides the required information to determine the partial amount. This amount is computed in accordance with the foregoing statutory provisions and regulations promulgated there under in 24 CFR 207 (B), Contract Rights and Obligations.

To apply for a partial settlement, the mortgagee must send HUD form HUD-2537, form HUD-2747 (OMB Control No. 2502-0419), form HUD-1044-D (OMB Control No. 2502-0418), a copy of the Debenture Lock Agreement (if applicable), and all the information contained in Exhibit A of the email at Attachment 1. HUD estimates that all of the approximately 215 mortgagees electing to assign property to HUD will apply for the partial settlement. Immediately upon receipt of the acceptance email sent by HUD, the mortgagee must send via hard copy an original and two copies of the three forms and all the information requested in Exhibit A of Attachment 1. On the date the assignment of mortgage is filed for record, mortgagees must send a telefax to the Chief, Multifamily Claims Branch, at (202) 619-8259. The telefax must contain the three forms and all the information requested in Exhibit A of Attachment 1.

Certain multifamily claims are settled by issuance of debentures. Others are paid in cash unless the mortgagee presents a written request for debentures. HUD estimates that approximately 10 mortgagees request debentures annually.

3. This information is not collected electronically. Due to the small number of annual responses, conversion to an electronic process is not cost effective at this time.
4. Duplication is identified and prevented by the uniqueness of the project number and name. No similar information is being collected elsewhere.
5. There is no impact on small businesses or entities.
6. If collection is not conducted as currently required, the Multifamily Program will incur a substantial increase in interest expenses. With the information collected, up to 90% of insurance benefits are paid within 24 to 48

hours after assignment or conveyance. The balances of the benefits are paid after the Mortgagee submits its completed claim. The Mortgagee is given 45 days after assignment to submit a claim. Without this collection information, additional accrued interest (90% of benefits for 42 or 43 days) would be paid in insurance benefits.

7. The lender is required to prepare a written response to the collection information requirements within 30 days after receiving an application from the Commissioner. Regulation 24 CFR Part 207.258 (b) states, "If the Mortgagee elects to assign the mortgage to the Commissioner, it shall, at any time within 30 days after the date of the Notice of Election, file its application for insurance benefits." The application and (Form HUD-2537) are mailed to the lender after the Commissioner has approved the lender's election to assign the mortgage. Both forms must be received by the Secretary before there is an assignment or conveyance. HUD requires the mortgagee to fax the information on the date the assignment is filed for recording so that HUD pays the least amount of interest possible. Form HUD-2537 states that the lender is to prepare the original and three copies of the form. However, HUD only requires that the original and two copies be sent to HUD; the third copy is for the lender's records.
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 June 22, 2007 (Vol. 72, No. 120, page 34473). No comments were received.
9. There are no payments or gifts to the respondents, other than the partial claim amount to which they are entitled.
10. No assurance of confidentiality is provided.
11. There are no questions or a sensitive nature.
12. Estimate of public burden:

| Information Collection                                 | Number of Respondents | Frequency of Response | Responses Per Annum | Burden Hour Per Response | Annual Burden Hours | Hourly Cost | Annual Cost  |
|--|-----------------------|-----------------------|---------------------|--------------------------|---------------------|-------------|--------------|
| HUD-2537 and information in Exhibit A of Attachment 1. | 215                   | 1                     | 215                 | 0.25                     | 54                  | \$15        | \$810        |
| Request for payment in debentures                      | 215                   | Varies                | 10                  | 0.25                     | 3                   | \$15        | 45           |
| <b>Totals</b>  | <b>215</b>            |                       | <b>225</b>          |                          | <b>57</b>           |             | <b>\$855</b> |

The hourly rate is based on an estimated average annual salary of \$31,200 for mortgagee clerical personnel, including overhead costs.

13. There are no additional costs to respondents.

14. Costs to the Federal Government:

| Information Collection                                 | Responses Per Annum | Burden Hour Per Response | Annual Burden Hours | Hourly Cost | Annual Cost    |
|--|---------------------|--------------------------|---------------------|-------------|----------------|
| HUD-2537 and information in Exhibit A of Attachment 1. | 215                 | 0.25                     | 54                  | \$33        | \$1,782        |
| Request for payment in debentures                      | 10                  | 0.25                     | 3                   | \$33        | 99             |
| <b>Totals</b>  | <b>225</b>          |                          | <b>57</b>           |             | <b>\$1,881</b> |

The hourly rate is based on the average annual salary of a GS-12 and includes a small amount for overhead expenses.

15. This is a request for an extension of a currently approved collection. The number of respondents remains unchanged. The increase in burden hours is due to the inclusion of the request for payment in debentures. The form has been updated to include the correct estimate of burden and contact information.
16. The information collected will not be published.
17. HUD is not requesting approval to avoid displaying the expiration date.
18. No exceptions to the certification statement identified in Item #19 on form OMB 83I, "Certification for Paperwork Reduction Act Submissions."

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

This information collection does not employ statistical methods.