
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: X Mike Winiarski, Director, Organizational Policy, Planning and Analysis Division, HROA	Date:
Signature of Senior Officer or Designee: X Lillian Deitzer, Departmental Reports Management Officer	Date:

Supporting Statement for Paperwork Reduction Act Submissions

FHA-Insured Mortgage Loan Servicing of Delinquent/Defaulted and Foreclosed Loans

A. Justification

1. The National Housing Act (12 U.S.C. 1703) authorizes the Secretary of Housing and Urban Development to insure financial institutions against losses as a result of mortgagor defaults on single-family mortgages.
2. This information request for OMB review seeks to combine the delinquency and default requirements of an existing OMB collection under this comprehensive collection for mortgagees that service FHA-insured mortgage loans and the mortgagors who are involved with the following activities. The OMB collection affected is 2502-0060 “Single Family Delinquent Loan Reporting” and 2502-0565 “Service-member Civil Relief”. The following activities and requirements for this PRA are set forth in Title 24 of the Code of Federal Regulations (CFR) in numerous locations of the CFR, specifically 24 CFR § 203.25, § 203.330, § 203.331, § 203.332, § 203.345, § 203.346, § 203.350, § 203.355, § 203.356, § 203.359, § 203.360, § 203.361, § 203.365, § 203.368, § 203.369, § 203.377, § 203.402, § 203.439, § 203.466, § 203.467, § 203.468, § 203.472, § 203.501, § 203.552, § 203.556, § 203.600, § 203.602, § 203.604, § 203.606, § 203.608, § 203.670 thru § 203.681. The respondents are mortgagee’s, companies that service FHA insured mortgage loans.

FHA must approve all mortgagees and they shall remain fully responsible to FHA for the proper servicing of FHA-insured mortgage loans. Regulations identify what FHA considers to be acceptable standards and prudent servicing when mortgagees service FHA-insured mortgages. FHA expects approved mortgagees to develop and implement policies and practices consistent with those standards. The regulations listed below specifically address non-performing FHA mortgage loans and efforts to resolve their delinquency or default.

The purpose of all collection efforts for non-performing mortgage loans is to bring a delinquent mortgage loan current in as short a time as possible, to avoid foreclosure to the extent possible, and to minimize losses. FHA does not expect to see a delinquent mortgage foreclosed if there is a reasonable chance of saving the mortgage. Mortgagees will determine the most effective form of contact with specific mortgagors during the various stages of delinquency. A successful servicing strategy treats each delinquent mortgagor individually; and, based on the circumstances involved, tailors a foreclosure prevention workout plan that will be successful in curing the delinquency and preventing a foreclosure.

Delinquency and Default Requirements

- To meet FHA’s default servicing requirements, mortgagees must be proactive early in the delinquency (24 CFR § 203.600). The earlier the mortgagee establishes contact with the mortgagor, identifies the cause of default and begins to discuss loss mitigation options, the more likely it is that the default will be cured and the mortgagor will retain homeownership. Efforts to assist the mortgagor should begin as soon as the loan becomes delinquent. The table below identifies minimum requirements, however, HUD expects mortgagees to determine the most effective form of contact with specific mortgagors based on risk factors and the stage of delinquency.

Timing of Collection Activities

Timing of Mortgagee Collection Activities	
Date	Action
1st of Month	Payment due date
2nd to the 16th of Month	Initiate telephone contact when appropriate.
17th of Month	Assess late charge via written notice.
20th Day of Delinquency	Send automatic notice and/or personal letter.
30th Day of Delinquency	Report account status using SFDMS and each month thereafter until default episode is resolved. 24 CFR § 203.332)
32nd Day of Delinquency (No Later Than Day 60)	Send cover letter and HUD 426-H <i>How to Avoid Foreclosure</i> , Continue efforts to establish telephone contact.
45th Day of Delinquency (24 CFR § 203.377).	If unable to reach mortgagor, inspection is required to determine if the property is vacant. Service-members Civil Relief Act Notice must be sent on all defaulted residential mortgages
No Later than 62nd Day of Delinquency (24 CFR § 203.604).	Conduct personal interview to determine mortgagor's financial status.
No Later than 90th Day of Delinquency	Evaluate mortgagor to determine which loss mitigation option(s), if any, are appropriate and reevaluate monthly thereafter.

FHA-insured mortgage loan payments are to be made monthly by the mortgagor to the mortgagee on the first day of the month. The mortgage loan generally provides for the collection by the mortgagee of a **late charge**, not to exceed four percent of the amount of each payment more than 15 days in arrears, to cover

additional servicing costs (24 CFR § 203.25). There is generally no direct response required by the mortgagor unless the mortgagor believes their mortgage loan payment should have been received before the date of the late charge notice, and they voluntarily contact the mortgagee. HUD regulations do not specifically require notices but mortgagees as standard business practice mail significant numbers of late charge notices to mortgagors who are late. Late charges are a standard practice within the mortgage industry on all FHA, VA and conventional loan's therefore HUD ascribes no burden hours.

The mortgagee shall take prompt **mortgage loan collection** action to collect amounts due from mortgagors to minimize the number of accounts in a delinquent or default status (24 CFR § 203.600). The purpose of all collection efforts is to bring a delinquent mortgage current in as short a time as possible, to avoid foreclosures to the extent possible, and to minimize losses. HUD does not expect to see a delinquent mortgage foreclosed if there is a reasonable chance of saving the mortgage. The paragraph below summarizes mortgage loan collection activities for the initial 60 days.

Mortgagee contact is the most effective collection tool and essential that it be attempted as early as possible in the delinquency. Mortgagors are initially sent computer generated notices and letters after 15, 20, or 30 days and again around the first of each month citing the new amounts due and unpaid. Notices and letters are strengthened by telephone calls usually by the 17th day of delinquency. Successful telephone interviews will generally discuss the reason for the delinquency and the mortgagee's ability to render payment, which may preclude the need for a face-to-face/personal interview. However, if telephone contact is not established then a property inspection combined with a face-to-face/personal interview will be necessary. Property inspections and face-to-face/personal interviews are conducted prior to the 62nd day of delinquency with similar information sought. This is an industry standard for collection activity on all delinquent mortgage loans, to include FHA, VA, and conventional, therefore HUD ascribes no burden hours.

The mortgage loan is delinquent any time a payment is due and not paid. If the mortgagor fails to make any payment, or to perform any other obligation under the mortgage, and such failure continues for a period of 30 days, the mortgage shall be considered in default (24 CFR § 203.330 and § 203.467). The date of default occurs 30 days after the first uncorrected failure to perform any obligation under the mortgage; or the first failure to make a monthly payment which subsequent payments by the mortgagor are insufficient to cover when applied to the overdue monthly payment in the order in which they become due (24 CFR § 203.331 and § 203.466). Although it is not specifically required in HUD regulations, mortgagees normally send a payment due or **default notice** to all types of mortgage loans on the first day of the new month, if a monthly payment is not received. This is an industry standard for the collection activity on all delinquent mortgage loans, to include FHA, VA and conventional loans; therefore HUD ascribes no burden hours.

Mortgagees are required to report a **"Notice of Delinquency"** once each month on a day and in a manner prescribed by HUD on all FHA-insured mortgages which are 30 or more days delinquent and the status or all mortgages which were reported as 30 or more days delinquent in the previous month (24 CFR § 203.330, § 203.331, § 203.332, § 203.356 and § 203.468). The mortgagees will also notify the Department of Hawaiian Home Lands (24 CFR § 203.439(c)) once a month on a day prescribed by HUD of all mortgages insured under section 247 of the National Housing Act on leaseholds of Hawaiian homelands that are delinquent on the last day of the month. This notice would be in addition to the requirements found in (24 CFR § 203.330 and § 203.331). This activity is currently covered in an existing approval of OMB 2502-0060 "Single Family Delinquent Loan Reporting", which will be discontinued after with the approval of this PRA submission.

All the above regulations require mortgagees to begin delinquency reporting of all FHA-insured loans in which the monthly payment is due, but not paid by the last day of the month. Similar to delinquency reporting by mortgagees to Fannie Mae, Freddie Mac and the Mortgage Bankers Association, 30 day

reporting has become the industry standard. FHA is now in a better position to integrate itself, should it choose to do so, into a single platform for industry-wide default data reporting. This information is submitted electronically by mortgagees and is used to report information into HUD's Single Family Default Monitoring System (SFDMS), which provides reports that reflect default and foreclosure information.

This type of delinquency reporting, as mentioned above, has become an industry standard. The burden for each respondent should be minimal as this information is largely automated on the mortgagee's servicing systems and forwarded to HUD electronically by most mortgagees via EDI and through the FHA Connection. In essence, the mortgagee does little more than schedule an automated data submission and confirms that it was sent. For some smaller mortgagees that are not EDI users, they may schedule an automated report and key the summary information into HUD's web application, the FHA Connection, to transmit the information to HUD. Even though this is an industry standard on all delinquent FHA, VA, and conventional mortgage loans, HUD, ascribes burden hours due to the uniqueness of our program.

During the delinquency the mortgagee must provide the mortgagor with notification of the availability of any **homeownership counseling** offered by the mortgagee or the availability of HUD-approved non-profit organizations that serve the mortgagors area (Section 106 of the Housing and Urban Development Act of 1968, as amended 12 U.S.C. 1701x). All mortgagees that service conventional mortgage loans and loans insured by the HUD are subject to homeownership counseling notification requirements. A mortgagee must notify a mortgagee who fails to pay any amount due under a mortgage loan by the date the amount is due, of the availability of homeownership counseling. The notification must be made within 45 days from the date the payment was due, unless the mortgagee pays the amount overdue before the expiration of the 45-day period. HUD provides a toll-free telephone number through which the mortgagor can obtain a list of the HUD-approved non-profit organizations for counseling. This is an industry standard that has been mandated by the government on all delinquent conventional and FHA-insured mortgage loans, HUD, ascribes no burden hours.

Mortgagees are required to provide a delinquency notice "**Avoiding Foreclosure Pamphlet**" (PA 426) to mortgagors in default on a form supplied by the Secretary or, if the mortgagee wishes to use its own form, on a form approved by the Secretary as referenced in (24 CFR § 203.602). A cover letter and the pamphlet must be mailed to each mortgagee whose mortgage is delinquent between the 32nd day, but no later than the 60th day of delinquency. As a result of the mortgagees mailing, the mortgagor may or may not choose to respond; however in the event of a mortgagee response, the mortgagor should look upon this notification as an opportunity to discuss the delinquency and default. This pamphlet is unique to HUD and we ascribe burden hours.

Mortgagees may design the initial cover letter; however, the following information must be included:

- o Spanish warning at the top of the letter;
- o Toll-free number for mortgagors to contact the mortgagee;
- o Toll-free TDD number for mortgagors to contact the mortgagee;
- o Total number and amount of past due payments due plus late charges, and dates that the payments were due (e.g., June and July);
- o Date the payments must be received by the mortgagee;
- o Toll-free number for HUD-approved housing counseling agencies;
- o Toll-free TDD number for HUD-approved housing counseling agencies; and
- o A request for financial information.

Property inspections are identified as initial, occupancy and vacant. The initial and vacant inspections are required by HUD regulations. The occupancy inspection is necessary to determine when foreclosure

action must be initiated and when protection and preservation action must be taken if the mortgagee cannot determine the occupancy status by telephone, letter or other means. All inspections must be performed in accordance with HUD requirements and will be reimbursable when performed as provided in the following paragraphs. The mortgagee is responsible for taking reasonable actions to protect the value of the security until title can be conveyed to HUD (24 CFR § 203.377). This is an industry standard for property inspections on all delinquent mortgage loans, to include FHA, VA and conventional loans; therefore HUD ascribes no burden hours.

Initial inspections are required when the mortgage is in default and a payment is not received within 45 days of the due date and efforts to reach the mortgagor or occupant at least by telephone have been unsuccessful. The mortgagee must perform a visual inspection of the mortgaged property to determine if it has become vacant or abandoned recognizing the following criteria:

- o During the course of any continuing delinquency, reimbursement will be made for only one initial inspection. If the mortgagor reinstates and later becomes delinquent, an initial inspection may again become necessary and therefore may be also reimbursable as such.
- o The need to perform a visual inspection is immediate and must not be delayed. The prompt identification of mortgaged properties that are vacant or abandoned is of mutual benefit to both mortgagees and HUD.
- o The date of the initial inspection requirement is met when the inspection is performed, not when ordered.
- o Prudent servicing dictates that the mortgagee takes into consideration the servicing history and prior payment habits of the mortgagor when determining when this inspection should be performed.
- o Mortgagees may continue to attempt to contact the mortgagor by telephone until the 45th day (while waiting to see if the mortgagor remits his payment) before performing a visual inspection.
- o HUD will consider a visual inspection performed no later than the 60th day of delinquency to meet this requirement.
- o However, where there is a greater risk of vacancy or abandonment, such as for first or second payment defaults, the inspection should not be delayed and optimally should be performed within 45 days from the payment due date.
- o Mortgagees must accomplish the ordering and scheduling of inspections in a manner, which ensures the inspection, will be accomplished according to HUD requirements.
- o If the mortgagee failed to make an inspection of the property as required, and the property is later found to be vacant and vandalized, the Department will take the position that the damage resulted from the mortgagee's failure to preserve and protect and the claim will be subject to surcharge unless the mortgagee can produce evidence that the damage occurred prior to the date the property became vacant.

Occupancy inspections are an additional servicing tool available to a mortgagee to determine whether a property subject to a mortgage in default has become vacant or abandoned recognizing the following criteria:

- o If the mortgage remains in default after the initial inspection and the mortgagee is unable to determine the occupancy status by telephone a correspondence on inspection and adequate follow-up must be made within 30 days of the last inspection or follow-up.
- o When the conditions necessitating the occupancy inspection continue; within the previous 30 days there have been no payments, no contact with the defaulting mortgagor and increased probability of potential abandonment, the mortgagee should consider having a visual inspection performed within thirty days from the date of the last visual inspection.

- In performing the occupancy inspection, the servicing mortgagee should require the inspector to establish if the mortgaged property remains occupied and should also require the inspector to attempt to confirm the identity of any occupants.
- Prior to having an occupancy inspection performed, the mortgagee must perform at least one valid follow-up to determine whether the property remains occupied. This follow-up must be documented whether it was by letter, telephone, or means other than an on-site inspection.
- During bankruptcy actions, an inspection should not be necessary if the mortgagor is making his payments in accordance with the bankruptcy plan. Usually bankruptcy plans separate pre-petition and post petition payments, requiring the mortgagor to submit his regular payment directly to the mortgagee and pass part of his payment (for payment to his current arrearage) through the bankruptcy court. As long as regular payments are remitted, an inspection should not be required. When payments are not being made as scheduled, either the bankruptcy trustee or the filing attorney should be contacted for information concerning the status of the mortgagor.
- Mortgagees may communicate with the HUD Office and/or counseling agency to determine the mortgagor's status while a case is being processed for assignment. For this reason, there should be few cases where an occupancy inspection is warranted and reimbursable while the assignment is being reviewed.
- Inspections are not the only mechanism by which a mortgagee may establish occupancy of a delinquent mortgagor. During the duration of any continuing delinquency, mortgagees must continue to prudently service the mortgage including regular attempts to contact the delinquent mortgagor by telephone and by written correspondence. No delinquency should be allowed to continue indefinitely without some type of contact with the mortgagor.

Mortgagees shall inspect the mortgaged property every 25 to 35 days where the mortgage is in default and the mortgagee has established that the mortgaged property is vacant. This is a clarification of the Department's regulatory requirement to inspect vacant properties at least monthly.

HUD will reimburse mortgagees for occupancy inspections, which were performed in accordance with our requirements and are adequately documented, including the valid follow-up attempts to confirm occupancy. Please note that required inspections should be performed every thirty days. If the delinquency is cured, the cost of the inspections may be collected from the mortgagor if; the inspection was required, performed and properly documented. The loan must have been reinstated or paid in full. No inspection costs may be recovered from a mortgagor if the delinquency is continuing. The cost of each inspection must be reasonable and within the cost limitation established by the appropriate HOC Office.

The mortgagee must make a reasonable effort to conduct a **face-to-face interview** with the mortgagor, if the mortgagor lives within 200 miles of the mortgagee's servicing office or make a reasonable effort to arrange such a meeting, before three full monthly payments are due and unpaid on the mortgage loan (24 CFR § 203.604). A personal interview with the mortgagor should:

- Determine the cause of the default;
- Provide financial information;
- Establish a repayment schedule; and
- Prevent foreclosure by influencing the payment habits of mortgagors.

For mortgages insured on Hawaiian home land pursuant to section 247, or Indian land pursuant to section 248, or if an assignment is requested under 24 CFR § 203.350(d) for mortgages authorized by section 203(q) of the National Housing Act. In the event a default occurs in a repayment plan arranged other than during a personal interview, the mortgagee must have a face-to-face meeting with the mortgagor, or make a reasonable attempt to arrange such a meeting within 30 days after the default and at least 30 days before

foreclosure is commenced, or at least 30 days before assignment is requested. HUD ascribes burden hours for these specific federal regulations.

For all inspections, mortgagees shall be required to document the general condition of the property as well as any actions, which would be required to adequately protect and preserve the property. Most of the **inspection forms** currently used by the industry (i.e., FNMA's inspection form) meet or exceed HUD's requirements. HUD does not require mortgagees to purchase or use a specific form. At a minimum, the following items must be documented on each inspection report and judgment should be used in each individual case to determine which specific information to record for these inspections:

- o Date of the inspection.
- o Identity of the inspector.
- o Is the property occupied?
- o Is the house locked?
- o Are the grass mowed and/or shrubs trimmed?
- o Is there any apparent damage?
- o Is any exterior glass broken?
- o Are there any apparent roof leaks?
- o Does the house contain personal property and/or debris?
- o Are any doors or windows boarded?
- o Is the house winterized?
- o Are there any repairs necessary to adequately preserve and protect the property?

The mortgagee must maintain proper documentation of the performance inspections and follow-up activities. HUD defines proper documentation, for the purposes of reimbursement, as copies of all completed inspection forms and accompanying follow-up documentation for occupancy inspections, which shall be available for verification and maintained in each claim review file for which reimbursement is being sought.

The mortgagee is responsible for the **inspection, preservation and protection of the property** (24 CFR § 203.377). The property shall be inspected when a mortgage loan is in default and payments have not been received within 45 days of the due date, and efforts to reach the mortgagor by telephone within that period have been unsuccessful. The mortgagee shall be responsible for a visual inspection of the security property to determine whether the property is vacant and abandoned. If the property is abandoned, the mortgagee must conduct an initial internal and external inspection to determine property condition and must continue to inspect the interior and the exterior of the property monthly, until payoff, conveyance to HUD or until the property no longer is considered to be abandoned. Additionally, the mortgagee may be required to conduct a pre-eviction inspection one day prior to a scheduled eviction action in order to determine if a property is still occupied and the eviction is required. This is an industry standard on all delinquent conventional, VA and FHA-insured mortgage loans, HUD, ascribes no burden hours.

In the event the property is abandoned, the mortgagee must take all reasonable action to preserve and protect the property from further damage by elements or vandalism including securing or boarding doors and windows, protecting interior systems from damage through winterization or other means, abating any hazardous conditions that exist and maintaining the exterior landscaping in accordance with community standards. The responsibility to, preserve and protect the property shall continue until payoff, conveyance to HUD or until the property is no longer considered to be abandoned. In completing these P&P responsibilities the mortgagee may be required to communicate in writing with HUD staff or designated contractors to request permission exceed published reimbursement costs for P&P actions. Even though this is an industry standard on all delinquent conventional, VA and FHA-insured mortgage loans, HUD, ascribes burden hours due to the uniqueness of our program.

The mortgagee must **advance funds** to ensure timely payment of real property taxes, assessments, homeowner's association charges and fees, ground rents and other expenses that might constitute a lien on the property even if there are insufficient funds in the mortgagor's escrow account to pay these fees. Following foreclosure, mortgagees may include these expenses on the claim for insurance benefits. This is a generally accepted practice in the industry and HUD, ascribes no burden hours.

A **partial payment** is any amount less than the full amount due under the mortgage at the time the payment is made including late charges and amounts advanced by the mortgagee on behalf of the mortgagor (24 CFR § 203.556). The mortgagee shall accept any partial payment and apply it to the mortgage loan or identify it with the mortgage loan number and hold the payment in a trust account, pending disposition. Full monthly payments shall be applied to the mortgage loan, advancing the date of the oldest unpaid month, once accumulated funds equal a full monthly mortgage loan payment.

The mortgagee may return a partial payment when the mortgage loan is not in default, along with a letter of explanation. If the mortgage loan is in default, the mortgagee may also return a partial payment with a letter of explanation providing that;

- o The payment represents less than half of the full amount due;
- o The payment is less than the amount agreed to in a oral or written forbearance plan;
- o The property is occupied by a rent-paying tenant and the rents are being applied to the mortgage payments;
- o Foreclosure has commenced;
- o 14 days or more elapsed since the mortgagee mailed the mortgagor a statement requesting the full amount due, including late charges. This statement advises the mortgagor that it intends to refuse acceptance of future partial payments, and one of these conditions have occurred:
 - o Four or more monthly payments are due and unpaid;
 - o A delinquency of any amount has continued for at least six months since the account first became delinquent.

HUD regulations for the acceptance of partial payments are intended to provide mortgagors with an opportunity to assist owner-occupants who actually have temporary problems in making their mortgage loan payments. Partial payments may be returned to mortgagors who have demonstrated a general disregard for their mortgage obligations with delinquencies of 6 months on at least two consecutive occasions, reinstated, then revert back to a delinquent status continuing for 6 additional months. Likewise, situations where speculators of various types, attempt to take advantage of HUD requirements by collecting rental income from the tenants and not making mortgage loan payments. Otherwise known as "equity skimming" the mortgagee should return any partial payment and fully document the mortgage loan file. Due to the uniqueness of the program, HUD ascribes burden hours.

The mortgagee shall permit reinstatement of a mortgage loan at any time, (even after foreclosure), if the mortgagor tenders all amounts required to bring the account current to include; all monthly payments due, escrow funds advanced by the mortgagee, foreclosure costs, attorney fees, and expenses properly associated with the foreclosure action. However, the mortgagee may refuse reinstatement if the mortgagee had accepted a prior reinstatement within the past two years or the reinstatement will adversely affect the priority of the mortgage loan lien (24 CFR § 203.608).

No attorney fees may be charged for the services of the mortgagee staff attorney or for the services of an attorney performing collection activities on behalf of the mortgagee. Attorney and trustee fees that may be passed on to the mortgagor or claimed for reimbursement include expenses actually incurred as the result of foreclosure initiation or bankruptcy actions on a delinquent account (24 CFR § 203.552(a)(9)).

The mortgagee, before initiating foreclosure, must ensure in their **pre-foreclosure review** that all servicing requirements have been met and steps have been taken to save the mortgage prior to making a decision to foreclose (24 CFR § 203.606). Each delinquent mortgage loan must be reviewed by management of the mortgagee for the possibility of a type of forbearance or deed-in-lieu, and foreclosure recommendations must be fully documented in the servicing files. A form or checklist must be developed by mortgagee to document that they have reviewed the loan for foreclosure and the decision to foreclose must be signed by a supervisor higher than the person submitting the mortgage for foreclosure.

The mortgagee must ensure that the account has been accurately reported to the national credit information repositories in accordance with Federal National Mortgage Association (FNMA) guidelines and must ensure that the account has been accurately reported to the Single Family Default Monitoring System (SFDMS) (24 CFR § 203.332).

HUD requires that all former mortgagors, co-mortgagors and/or co-signers be advised of the default in an attempt to avoid foreclosure. If the mortgagee discovers from its management review that actions have been omitted, the supervisor must refer the case back to its servicing personnel for additional servicing.

When possible, the mortgagor should be given an opportunity to sell the property and should be given a reasonable time to complete the sale. Foreclosure should not be started if it appears that a sale is probable. Payments tendered while the property is for sale and before foreclosure is started should be accepted.

If the mortgagor offers complete reinstatement, including costs incurred by the mortgagee in instituting foreclosure, the reinstatement must be permitted, except that under the following circumstances mortgagees may decline to allow reinstatement (24 CFR § 203.608):

- o Within the two years immediately preceding the commencement of the present foreclosure action the account has been reinstated from foreclosure;
- o Reinstatement would preclude foreclosure after a later default; or
- o Reinstatement would adversely affect the priority of the lien.

There are both minimum and maximum time periods governing the beginning of foreclosure. A failure to begin foreclosure within the maximum permissible time (six months) will result in curtailment of debenture interest in any subsequent claim for mortgage insurance benefits. To begin foreclosure before waiting the minimum times (two months) required may result in the imposition of administrative sanctions by HUD.

In summary, the mortgagee must take one of the following actions within six months from the date of default, or within any additional time approved by HUD as referenced in acquisition of property (24 CFR § 203.355):

- o Obtain a deed-in-lieu of foreclosure, with the title in the name of the mortgagee or HUD, in lieu of instituting or completing a foreclosure. HUD expects mortgagees to take a deed-in-lieu of foreclosure where appropriate in order to minimize HUD's losses, especially where the foreclosure process is time-consuming, expensive, or where there is an extensive redemption period. The mortgagee may acquire property from the mortgagor who certifies that they do not own any other property subject to a mortgage insured or held by FHA.
- o Commence foreclosure by instituting legal proceedings to acquire possession of and marketable title for future conveyance to HUD.

- The mortgagee may enter into a written special forbearance with the suspension or reduction of payments for a period up to 18 months. In some circumstances mortgagees may request HUD approval for a special forbearance, if the period is over 18 months or the mortgagor owns other property subject to a FHA-insured mortgage.
- The mortgagee may complete a modification for the purpose of changing the amortization provisions by recasting the total unpaid amount due for a term not to exceed 360 months. The mortgagee must notify HUD of the modification within 30 days of the execution of the agreement.
- The mortgagee may complete a refinance of the mortgagor's mortgage loan through new financing subject to FHA standards or alternative financing.
- A mortgagee shall consider an assumption with no imposition or agreement to enforce legal restrictions upon conveyance. The new mortgagor will be reviewed by the mortgagee for credit worthiness and qualified for the assumption of the mortgage loan. Upon the settlement of the assumption, all delinquent and defaulted payments will be paid and the original mortgagor will be released from personal liability.

HUD is committed to working with mortgagees to help borrowers affected by various natural or financial disasters to retain homeownership whenever possible. **Special temporary authority and special loss mitigation** may be used in presidentially-declared disaster assistance for approved impacted areas or as an overall financial stimulus. Special authority can be granted for the expanded use of partial claims, loan modifications and foreclosure forbearance in cases where borrowers are committed to continued occupancy of their property.

To qualify for any special and temporary considerations, some of the following criteria may apply:

- The mortgagor's mortgaged property must be located in the designated area;
- The mortgagee will send to the mortgagor letters or notices specific to the designated subject;
- Mortgagees must normally obtain financial or other information and documentation necessary to assess the mortgagor's inability to continue to support the mortgage debt;
- The mortgagee completes a loss mitigation evaluation and reports the information to the mortgagor;
- The mortgagor must make a commitment to work with his or her mortgagee to develop and implement a plan;
- The mortgagee and mortgagor must agree upon the final disposition of the property i.e. preforeclosure sale, deed in lieu of foreclosure or foreclosure, occupied conveyance, conveyance condition, demolition, etc.;
- Claim filing may require specific instructions for property damage, insurance coverage, borrower consideration or other various claimable expenses;
- The mortgagee clearly documents the servicing file.

Foreclosure Requirements

- When a defaulting mortgagor cannot or will not resume and complete the mortgage payments, the mortgagee must take steps to acquire the property or see that it is acquired by a third party. Before starting **foreclosure**, the mortgagee must review its servicing record to be certain that servicing has been prudent and adequate. When foreclosure is appropriate, mortgagees must process foreclosure in a timely manner.

Foreclosure should be considered only as a last resort and shall not be initiated until all other relief options have been exhausted. When foreclosure cannot be avoided, it must be started quickly and prosecuted vigorously to minimize losses to both the mortgagee and HUD. In Power of Sale states, judicial foreclosure should be avoided where possible, but it may be necessary to pursue a judicial foreclosure where a deficiency judgment is to be sought. The mortgagee is responsible for complying with local laws governing foreclosure and for conveying good marketable title to HUD.

Mortgagees must meet HUD's foreclosure timeframes or they may lose a significant amount of money as a result of debenture interest curtailments on the Claim for Insurance Benefits. Mortgagees must initiate action to acquire the property within nine months from the date of default or within 120 days after the date the property became vacant (24 CFR § 203.355). If the mortgage is in default and the property has been determined to be vacant or abandoned, foreclosure must be initiated (or a Deed-in-Lieu of foreclosure recorded) within nine months after the date of default or within the later of 120 days after the date the property became vacant, is discovered vacant, or should have been discovered to be vacant. The initiation of foreclosure for HUD's purposes is defined as the first public action required by law, such as filing a complaint or petition, recording a notice of sale or publication.

HUD ascribes burden hours due to differences with the rest of the industry even though the act of foreclosure is the same whether the mortgage loan is a FHA, VA, or conventional.

The time limits specified below may be extended automatically, without specific HUD approval:

- o If there is a special forbearance agreement extending beyond nine months from the date of default, foreclosure must be started within 90 days after the due date of the oldest unpaid installment under the agreement, unless law prohibits this.
- o Where state or local law prevents starting foreclosure within these limits, it must be started within 60 days after it becomes possible to do so.
- o In the case of bankruptcies, this time period begins when the court lifts the stay or otherwise makes it possible to foreclose, not when the mortgagee learns of the court's action. The National Servicing Center (NSC) may extend the time, but only if the extension is requested before the original time limit expires.
- o The time is also extended if the mortgagor is a person in military service, as defined by the Service-members Civil Relief Act, by the period of military service plus three months, regardless of whether or not the mortgagor has applied to the courts for a stay of foreclosure.

Mortgagees are expected to exercise reasonable diligence in prosecuting foreclosure to completion as required in HUD regulations 24 CFR § 203.356 and must provide written notice within 30 days of the institution of foreclosure. This requirement is considered met when mortgagees properly report delinquent cases on the monthly SFDMS default report.

Mortgagees must **convey the property** to the Secretary within 30 calendar days after acquiring possession of and good marketable title to the property (24 CFR § 203.359). For mortgages insured under a firm commitment issued on or after November 19, 1992, or under Direct Endorsement processing when the credit worksheet was signed by the mortgagee's approved underwriter on or after November 19, 1992, within 30 days of the later of:

- o Filing for record the foreclosure deed;
- o Recording date of a deed-in-lieu of foreclosure;
- o Acquiring possession of the property;
- o Expiration of the redemption period; or
- o Such further time as HUD may approve in writing.

In cases where the mortgagee arranges for a direct conveyance of the property to the Secretary, the property must be conveyed to the Secretary within 30 days of the reasonable diligence timeframe.

The mortgagee will notify the Commissioner on Form HUD-27011, Claim for Insurance Benefits, burden reporting covered by OMB #2502-0429, on the date the deed to the Secretary is filed for record and ensure the appropriate Homeownership Center (HOC) receives their copy. This time frame is important because the HOC is not aware that a property has been conveyed to the Secretary until receipt of the claim (24 CFR § 203.360 and 361).

The mortgagee will send to the HOC title evidence reflecting ownership vested in the name of the Secretary (24 CFR § 203.365) as soon as possible, but within 45 days after the date the deed is filed for record. HUD allows mortgagees 45 days plus a 10-day mailing time for the HOC to receive title evidence. However, if the courier receipt shows that the mortgagee did not mail the title evidence by the 45th day, without an approved extension, HUD will consider it late.

The mortgagee will submit within 45 days after the date the deed is filed for record or within such time that it will be received in HUD Headquarters within 15 days from the date of the title approval letter, whichever is later, the original of Part B of Form HUD-27011 to HUD Headquarters and a copy of Part B with the originals of Parts C, D, and E to the HOC (24 CFR § 203.365).

HUD may approve **extensions of time** limits under the following conditions:

The time extension request must be submitted on Form HUD-50012, Mortgagee's Request for Extensions of Time, burden reporting covered by OMB #2502-0436.

Verbal requests will not be accepted under any circumstances.

- The time extension requests must be received prior to the deadline.
- All extension requests must be directed to the National Servicing Center.
- Adequate justification must be provided for the request for an extension of the time requirement. Mortgagees must clearly define the circumstances and reason(s) for the request. Vague or unclear requests will be denied.
- A copy of the NSC's written response must be maintained in the mortgagee's claim review file.

The following are considered as separate actions and are not considered as requests for extensions of time:

- Requests to take specific protection and preservation actions (such as boarding),
- Requests to exceed preservation and protection cost limits, or
- Requests to convey damaged property.

HUD's approval of all the above actions does not extend the time to convey title, and any requests for extensions of time must be submitted and approved separately. Mortgagees are prohibited from setting time limits for HUD to respond or interpreting such limits as an automatic extension approval.

A mortgagees authority for obtaining information is provided in a regulation governing **occupied conveyance** found at 24 CFR § 203.670 through § 203.681, stating that at least 60 days but not more than 90 days before the date on which the mortgagee expects to acquire title to the property; the mortgagee shall notify the mortgagor and each head of household who is occupying a property of its potential acquisition by HUD. In its first notice to the occupant, the mortgagee includes Form HUD-9539 Request for Occupied Conveyance, burden reporting covered by OMB #2502-0268. If the occupant desires to

remain in occupancy, the occupant must complete the subject form, HUD-9539, and submit the form to the local HUD office within 20 days after the date of the mortgagee's notice. The Department uses the information in making its determination as to whether to approve or disapprove the occupant's request for occupied conveyance.

Deficiency Judgments pursue collection from debtors associated with a foreclosed mortgage when property is sold at the foreclosure sale for less than the unpaid balance of the debt secured after disposition of sale proceeds, in accordance with (24 CFR § 203.369) and (24 CFR § 203.402(o)). Pursuing Deficiency Judgments deters abuse of HUD programs and allows collection of revenue to offset losses to HUD insurance fund.

For mortgages insured pursuant to firm commitments issued on or **after March 28, 1988**, or pursuant to direct endorsement processing when the mortgagee's underwriter signed the credit worksheet on or after March 28, 1988, the Secretary may require the mortgagee to pursue a Deficiency Judgment in connection with foreclosures. When the Secretary requires the pursuit of a Deficiency Judgment and provides the mortgagee with the HUD estimate of the fair market value of the property, less adjustments, the mortgagee must tender a bid at the foreclosure sale in that amount, and take appropriate steps in accordance with state law to obtain a Deficiency Judgment (24 CFR § 203.368(e)).

For mortgages insured pursuant to firm commitments issued **before March 28, 1988**, or pursuant to direct endorsement processing when the mortgagee's underwriter signed the credit worksheet before March 28, 1988, the Secretary may require that the mortgagee pursue a Deficiency Judgment in connection with the foreclosure.

Mortgagees can initiate the process by notifying the National Servicing Center (NSC) that a mortgagor meets the criteria for a Deficiency Judgment and must use the Claims Without Conveyance of Title (CWCOT) procedure. Deficiency Judgments pursued by mortgagees must be assigned to HUD if the mortgagee files a claim for mortgage insurance benefits and must be transmitted to NSC within 30 days of being obtained. Before a judgment is formally obtained, a mortgagor or legal representative may approach the NSC to discuss settlement of a potential Deficiency Judgment. A mortgagor may benefit from settlement of a potential Deficiency Judgment by compromising the amount paid to HUD, and preventing the judgment from affecting the mortgagor's credit record.

Service-members Civil Relief Act

- 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 added a new sub-clause (IV) that requires that a statement or notice be sent to homeowners in default explaining the mortgage and foreclosure rights of service-members and their dependents under the **Service-members Civil Relief Act** (50 U.S.C. App. 501 et seq.), including the toll-free military one source number to call if service-members, 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 new notification requirement.

The statutory amendment directed HUD to develop the form of the new required creditor notice of service-member mortgage and foreclosure rights under the Service-members Civil Relief Act in consultation with the Departments of Defense and the Treasury. The developed disclosure form **HUD-92070, "Service-members Civil Relief Act Notice Disclosure"** is attached. Mortgagees and their servicers may use this general form for required notices on all conventional and government insured home loans.

The Service-members 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 service-members on “active duty” or “active service” as defined in the Act and to their dependents. The SCRA states that, a debt incurred by a service-member, 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 service-member’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 service-member’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 service-members 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 service-members. Those measures are discussed below.

A **reduction of monthly payments** on FHA-Insured loans, pursuant to the SCRA, interest must be reduced to 6 percent on an FHA-insured loan, the mortgagee must notify the service-member 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 6 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.

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 6 percent interest rate limitation under the SCRA. On all accounts receiving assistance when the note rate of interest exceeds 6 percent, the amount of assistance must be reanalyzed, and the subsidy amount must be recalculated using the full mortgage payment at a 6 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.

Under 24 CFR § 203.345 and 24 CFR § 203.472, the mortgagee shall **postpone principal payments**. By written agreement with the mortgagor, for the period of military service and for three months thereafter, may postpone 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.

Under provisions of 24 CFR § 203.346, the mortgagee shall **postpone a foreclosure** during the period the mortgagor is in military service. This duration of time 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.

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.

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.

Service-members 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 service-member to military service and any orders further extending military service, not later than 180 days after the date of the service-member's termination or release from military service. Upon receipt, the mortgagee must limit interest on the mortgage debt to no more than 6 percent per year effective as of the date on which the service-member 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 service-member to pay interest upon the obligation or liability at a rate in excess of 6 percent per year is not materially affected by reason of the service-member's military service.

The information is used to ensure that service-members 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 service-members 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. Mortgagees, consist of major industry mortgage loan lenders and servicers in addition to medium and smaller size mortgagees. However, the one thing they have in common is an automated mortgage loan servicing that has the capability of servicing various types of loans and investors. HUD information is routinely gathered and reported to HUD, generally on a monthly basis through HUD's electronic systems. HUD has not mandated any hardcopy or electronic format for collecting and maintaining the records. The information is to be kept with similar mortgagee documentation and submitted to HUD only if requested as a part of a review. Mortgagees have the option to maintain mortgage loan documents in electronic or imaged format as long as hard copies can be printed and provided to HUD within 24 hours of the request, depending upon the documentation requested.

4. There is no duplication of information. Mortgagors routinely document mortgage loan servicing efforts as a part of their own loan servicing and internal quality control procedures. HUD will accept the various formats already in use by mortgagees as long as the information is complete.

5. The collection of this information will not have a significant impact on a substantial number of small businesses.

6. This PRA does not add to mortgagee reporting or record keeping burdens, as this information is already routinely maintained for internal and other purposes. The mortgage servicing industry has standardized at least 95% of the functions involved with servicing FHA-insured mortgage loans. The Department has worked in concert with the mortgage loan industry to establish regulations to benefit the mortgagor and our goals.

Monthly reporting of delinquencies by mortgagees is required to evaluate the health of the mortgage lending industry, and whether the mortgagee has performed adequate and prudent mortgage loan servicing as compared to other firms in their peer group.

FHA insurance is an important source of mortgage credit for low and moderate-income borrowers and neighborhoods. Providing assistance, as needed, to enable families to cure their delinquencies and retain their homes stabilizes neighborhoods that might otherwise suffer from deterioration and problems associated with vacant and abandoned properties. Avoidance of foreclosure and the resultant costs also serve to further stabilize the mortgage insurance premiums charged by FHA and the Federal budget receipts generated from those premiums.

7. The mortgage industry and the FHA loan program provides for the collection by the mortgagee of a late charge, 15 days after the monthly payment is due. Mortgagees are required to conduct a face-to-face/personal interview within 60 days of the monthly payment due date. A delinquency notice “Avoiding Foreclosure Pamphlet” (PA 426) is to be sent by the mortgagee to the mortgagor between the 32 and 6th day of delinquency. Homeownership counseling is offered by the mortgagee within 45 days of the payment due date and property inspections are to be conducted by the same time frame. The mortgage industry and HUD regulations define time periods for reporting to HUD delinquent FHA-insured mortgage loans and to perform an evaluation every 30 days, while the mortgage loans are delinquent and in default. Mortgagees are required to maintain and store FHA-insured mortgage loan for a period of three years after maturity, termination or claim payment.

8. In accordance with 5 CFR 1320.8(d), this information collection soliciting public comments was announced in the *Federal Register* on May 21, 2008 (Volume 73, Number 99, Page 29531). No comments were received.

The ability to provide the information required by this process and the use of the information is discussed with the mortgage loan industry on a continuing basis at yearly functions, meetings and personal contact by various HUD staff and managers.

9. This PRA and the collection of information does provide incentives to the mortgagee for various reinstatement options under the Soldiers and Sailors Civil Relief Act of 1940, which includes; special forbearance of \$100, loan modification of \$500 and partial claim of \$250.

10. There is no promise of confidentiality.

11. The information collection does not contain any questions of a sensitive nature.

12. Estimated Burden and Cost to Respondents:

(Estimates for both FHA and non-FHA mortgage loans, Service-members only)

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

DELINQUENCY, DEFAULT AND FORECLOSURE

Information Collection	Number of Respondents	Response Frequency (average)	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
Delinquency and Default Requirements							
Late Charge	223	107,623	24,000,000	None, this is an industry standard			
Mortgage Loan Collection	223	107,623	24,000,000	None, this is an industry standard			
Default Notice	223	21,525	4,800,000	None, this is an industry standard			
Notice of Delinquency Reporting	223	21,525	4,800,000	.25	1,200,000	\$15.00	\$18,000,000
Homeownership Counseling	223	10,762	2,400,000	None, this is an industry standard			
Avoiding Foreclosure Pamphlet	223	10,762	2,400,000	.50	1,200,000	\$15.00	\$18,000,000
Property Inspections	223	5,381	1,200,000	None, this is an industry standard			
Face to Face Interview	223	1,076	240,000	1.00	240,000	\$15.00	\$3,600,000
Preservation of Property	223	2,152	480,000	1.00	480,000	\$15.00	\$7,200,000
Advance of Funds	223	291	65,000	None, this is an industry standard			
Partial Payment	223	10,762	2,400,000	.50	1,200,000	\$15.00	\$18,000,000
Pre-foreclosure review	223	291	65,000	2.00	130,000	\$15.00	\$3,900,000
Mortgage Reinstatement	223	22	5,000	.50	2,500	\$15.00	\$37,500
Special Authority/Loss Mitigation	223	448	100,000	1.00	100,000	\$15.00	\$1,500,000
Foreclosure							
Foreclosure	223	233	52,000	4.00	208,000	\$15.00	\$3,120,000
Property Conveyance	223	233	52,000	3.00	156,000	\$15.00	\$2,340,000
Extensions of Time	223	22	5,000	1.00	5,000	\$15.00	\$75,000
Deficiency Judgments	223	4	1,000	1.00	1,000	\$15.00	\$15,000
Service-members Civil Relief Act							
Notice-FHA loans-HUD 92070	223	54,093	649,116	.25	162,279	\$15.00	\$2,434,185
Notice-VA loans-HUD 92070	250	9,910	118,920	.25	29,730	\$15.00	\$445,950
Notice-CONV loans-HUD 92070	7,000	47,809	573,708	.25	143,247	\$15.00	\$2,148,705
Notice-CONV-SUB loans-HUD 92070	222	63,246	758,952	.25	189,738	\$15.00	\$2,846,070
FHA-Military Verification	223	417	5,004	.25	1,251	\$15.00	\$18,765
FHA Pyt. Adj.	223	417	5,004	1.00	5,004	\$15.00	\$75,060
Prin. Loss Mit.-	223	208	2,496	1.00	2,496	\$15.00	\$37,440

FHA							
Totals			69,034,200		5,366,745		\$82,451,175

The hourly cost is based on estimated mortgagee staff salary of \$31,200 annually.

13. There are no additional costs to the respondents.

14. Estimated Burden and Annual Cost to the Federal Government:

Information Collection	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost	Annual Cost
Delinquency and Default Requirements					
Notice of Delinquency Reporting	4,800,000	.25	1,200,000	\$25.00	\$30,000,000
Special Forbearance and Modification	60,000	1.00	60,000	\$25.00	\$1,500,000
Foreclosure					
Property Conveyance	52,000	1.00	52,000	\$25.00	\$1,300,000
Extensions of Time	5,000	.50	2,500	\$25.00	\$62,500
Occupied Conveyance	5,200	1.00	5,200	\$25.00	\$130,000
Deficiency Judgments	1,000	.50	500	\$25.00	\$12,500
Total					
	4,923,200		1,315,000		\$33,005,000

15. This is new PRA is based on the activity involving mortgage loan servicing of delinquent, defaulted, and foreclosed mortgage loans. Due to conditions in the banking industry, particularly acquisitions and mergers, the number of respondents servicing these mortgages has significantly decreased. As properties are sold or refinanced, and the mortgages retired, the number of mortgages on which the respondents report has also decreased. The currently approved collections, 2502-0060 and 2502-0565, will be discontinued once this new PRA is approved.

16. There are no plans to publish this information collection for statistical use.

17. HUD is not seeking approval to avoid displaying the 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

This collection of information does not employ statistical methods.