
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
Michael Winiarski, Deputy 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

Request for Termination of Multifamily Mortgage Insurance OMB Control Number 2502-0416 (HUD-9807)

A. Justification

1. Generally, a contract of mortgage insurance for a multifamily housing project may be terminated either by prepayment in full of the insured project mortgage or by acceptance of a request for voluntary termination made jointly by the mortgagor and mortgagee. Regulations at 24 C.F.R. 207.253 and 207.253a prescribe procedures for termination of mortgage insurance. Certain mortgage notes insured under Title II of the Housing and Community Development Act of 1987 and Title VI of the Cranston-Gonzalez National Affordable Housing Act of 1990, Section 250(a) of the National Housing Act, however, place restrictions on prepayment in full of the mortgage. This submission deals with mortgages insured under various sections of the National Housing Act, codified at 12 U.S.C. 1715 et seq.
2. Information is collected from mortgagees who want to terminate the contract for mortgage insurance with the Department of Housing and Urban Development (HUD). HUD uses this information to determine if the mortgage has been paid in full or if a mortgagor or mortgagee mutually agree to terminate the insurance.

Mortgages with No Prepayment Restrictions

Mortgagees may request insurance termination for a multi-family mortgage if the mortgage is paid in full or voluntary termination is requested. If a mortgage note contains no restriction, the mortgagee submits a completed HUD-9807 and required attachments to HUD. HUD uses this information to terminate the mortgage insurance and determine whether a refund is due the mortgagor or funds are due HUD.

Mortgages with Prepayment Restrictions

Mortgages that have prepayment restrictions require prior approval from HUD before the HUD-9807 is completed. The mortgagee sends HUD a narrative request signed by the mortgagor. The form together with HUD's letter authorizing the prepayment/voluntary termination is then submitted.

Mortgages for Low-Income Housing and Section 250(a) must notify tenants, HUD, and local government of their intent to prepay the mortgage. Additionally, Section 250(a) may require the owner to execute and record a Rental Use Agreement.

Mortgages insured under Section 207/223(f) must submit a letter stating the reasons for the request and a Rental Use Agreement.

Mortgages for Projects Financed with Bond Refunding Agreements – Agreement and Issuer's written consent required.

This is the only method whereby HUD can learn that the mortgage has been paid in full or that a mortgagor or mortgagee mutually agrees to terminate the insurance.

3. This information collection is not collected electronically. The small volume of responses does not justify the development of an automated information collection system. The subject form is available via the Internet. In the past, the volume of requests for termination was larger due to property owners taking advantage of the market's declining interest rates. With interest rates now stabilized, the average number of submissions per year is 600. It is not cost effective for the Department to develop a system capable of automated collection for less than 10 percent of the multifamily portfolio.

4. There is no duplication. The entire collection of information reported on this form is needed to process a termination. The information is not available through any other source.
5. The collection of information does not involve small business or other small entities.
6. It would be impossible to maintain the insurance-in-force records without notification from the mortgagee.
7. This collection complies with all of the guidelines stated in the OMB 83-I, except the requirement to submit the form within 30 days from the date of the prepayment. 24 CFR Section 207.253(a) states that "Notice of the prepayment in full of the mortgage or loan shall be given to the Commissioner, on a form prescribed by the Commissioner, within 30 days from the date of the prepayment." This is required so that no additional premiums will be due HUD.

For mortgages insured under sections 207/223, the mortgagor must execute and record a Rental Use Agreement if prepayment occurs within the first five years from final endorsement of the mortgage.

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 March 26, 2009 (Vol. 74, No. 57, pages 13221). ... comments were received.

The Department also consulted with several mortgagees through the Mortgage Bankers Association (i.e., Wells Fargo, Capmark Finance, and Greystone Servicing Corporation) in reference to the submission of the HUD Form 9807 on all prepayments. The Mortgage Bankers Association submitted a proposal to the Department for amending the current process for the form. Currently, any time that an owner proposes to prepay an FHA-insured mortgage, the servicing mortgagee must submit HUD Form 9807 requesting HUD's approval of a prepayment. This is required irrespective of the fact that the approval is not mandated in the loan documents. In order to streamline the review process by HUD and the servicers, MBA recommends that the servicers provided a notice of intent to prepay in lieu of HUD Form 9807 to HUD Headquarters, for all loans where the loan documents and the National Housing Act do not require prior HUD approval of a prepayment. HUD has taken these recommendations under review.

9. There are no payments or gifts to respondents.
10. No assurance of confidentiality, statute, regulation, or agency policy is provided.
11. There are no questions of a sensitive nature.

12. Annual Burden Estimate:

Information Collection	Number of Respondents	Frequency of Response	Total Annual Responses	Burden Hours per Response	Total Annual Burden Hrs	Hourly Cost	Total Annual Cost
All Requests to Prepay							
HUD-9807	600	1	600	.12	72	\$25	\$1,800
Subtotal	600		600		72		\$1,800
Mortgages with Prepayment Restrictions (Includes Mortgages for Medical Facilities or Housing for the Elderly)							
Mortgagor's narrative request	100	1	100	.25	25	\$25	\$625
Subtotal	100		100		25		\$625
Mortgages for Low-Income Housing							
Prepayment notification to tenants, HUD, and local government	175	1	175	.25	43.75	\$25	\$1,093.75
Subtotal	175		175		43.75		\$1,093.75
Mortgages Subject to Section 250(a) of the National Housing Act							
Notice to tenants / local government / review of tenant comments	150	1	150	.25	37.50	\$25	\$937.50
Use Agreement	150	1	150	.25	37.50	\$25	\$937.50
Subtotal	150		300		75		\$1,875.00
Mortgages Insured under the Section 207/223(f) Insurance Program							
Letter outlining reasons for request	125	1	125	.25	31.25	\$25	\$781.25
Rental Use Agreement	125	1	125	.25	31.25	\$25	\$781.25
Evidence of conversion to condos or co-op**	0	1	0	.25	0	0	0
Subtotal	125		250		62.50		\$1,562.50
Mortgages for Projects with Bond Refunding Agreements							
Refunding Agreement	50	1	50	.50	25	\$25	\$625.00
Mortgagor's agreement to continue Treasury savings	50	1	50	.25	12.50	\$25	\$312.50
Issuer's written consent	50	1	50	.25	12.50	\$25	\$312.50
Subtotal	50		150		50		\$1250.00
Total	600		1575		328.25		\$8,206.25

Hourly cost is based on an estimate of owner and mortgagee staff annual salary of \$50,000.

13. There are no additional costs to respondents.

14. Annual Cost to the Federal Government:

Information Collection	Number of Responses	Hours per Response	Total Annual Hours	Hourly Cost	Total Annual Cost
HUD-9807 and all other documents	600	1.00	600	\$40.00	\$24,000

Estimated hourly cost is based on the annual salary of a GS-1101-13 Housing Project Manager for reviewing the information.

15. This is an extension of a currently approved collection. There has been an increase in the number of requests to prepay a loan and terminate the multifamily mortgage insurance. This is due to a decrease in interest rates in the previous few years whereby owners have taken advantage of and either prepaid or refinanced their existing FHA-insured loans. Therefore, adjustments were necessary as the number of respondents increased from 500 to 600 since the last submission.

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

17. HUD is not requesting approval to avoid displaying the expiration date on the form HUD-9807.

18. No exceptions to the certification statement identified in Item #19 on form OMB 83-I, "Certification for Paperwork Reduction Act Submissions."

B. Collections of Information Employing Statistical Methods

This information collection does not employ statistical methods.