

# Paperwork Reduction Act Submission

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

1. Agency/Subagency Originating Request: <b>U.S. Department of Housing and Urban Development</b> Housing, Office of Single Family Housing, Single Family Servicing Division	2. OMB Control Number: a. <b>2502-0349</b> b. <input type="checkbox"/> None
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3. Type of information collection: (check one) a. <input type="checkbox"/> New Collection b. <input type="checkbox"/> Revision of a currently approved collection c. <input checked="" type="checkbox"/> Extension of a currently approved collection d. <input type="checkbox"/> Reinstatement, <b>without change</b> , of previously approved collection for which approval has expired e. <input type="checkbox"/> Reinstatement, <b>with change</b> , of previously approved collection for which approval has expired f. <input type="checkbox"/> Existing collection in use without an OMB control number For b-f, note item A2 of Supporting Statement instructions.	4. Type of review requested: (check one) a. <input checked="" type="checkbox"/> Regular b. <input type="checkbox"/> Emergency - Approval requested by c. <input type="checkbox"/> Delegated 5. Small entities: Will this information collection have a significant economic impact on a substantial number of small entities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 6. Requested expiration date: a. <input checked="" type="checkbox"/> Three years form approval date    b. <input type="checkbox"/> Other (specify)
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7. Title:  
**Certified Eligibility for Adjustments for Damage or Neglect**

8. Agency form number(s): (if applicable)  
 None

9. Keywords:  
 Housing, Mortgage Insurance

10. Abstract:  
 One-time certification by mortgages to show that they have acquired hazard insurance acceptable to HUD at a reasonable rate and that the mortgagee may convey fire damaged properties without a surcharge to the claim.

11. Affected public: (mark primary with "P" and all others that apply with "X") a. Individuals or households      e. Farms b. <b>P</b> Business or other for-profit      f. Federal Government c. Not-for-profit institutions      g. State, Local or Tribal Government	12. Obligation to respond: (mark primary with "P" and all others that apply with "X") a. Voluntary b. <b>P</b> Required to obtain or retain benefits c. Mandatory
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13. Annual reporting and recordkeeping hour burden: a. Number of respondents      50 b. Total annual responses      50 Percentage of these responses collected electronically      0% c. Total annual hours requested      25 d. Current OMB inventory      25 e. Difference (+,-)      0 f. Explanation of difference: 1. Program change: 2. Adjustment:	14. Annual reporting and recordkeeping cost burden: (in thousands of dollars) a. Total annualized capital/startup costs b. Total annual costs (O&M) c. Total annualized cost requested d. Total annual cost requested e. Current OMB inventory f. Explanation of difference: 1. Program change: 2. Adjustment:
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15. Purpose of Information collection: (mark primary with "P" and all others that apply with "X") a. <b>P</b> Application for benefits      e. Program planning or management b. Program evaluation      f. Research c. General purpose statistics      g. <b>X</b> Regulatory or compliance d. <b>X</b> Audit	16. Frequency of recordkeeping or reporting: (check all that apply) a. <input checked="" type="checkbox"/> Recordkeeping      b. <input type="checkbox"/> Third party disclosure b. <input checked="" type="checkbox"/> Reporting: 1. <input checked="" type="checkbox"/> On occasion      2. <input type="checkbox"/> Weekly      3. <input type="checkbox"/> Monthly 4. <input type="checkbox"/> Quarterly      5. <input type="checkbox"/> Semi-annually      6. <input type="checkbox"/> Annually 7. <input type="checkbox"/> Biannually      8. <input type="checkbox"/> Other (describe)
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17. Statistical methods: Does this information collection employ statistical methods? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	18. Agency contact: (person who can best answer questions regarding the content of this submission) Name: Robert Juenger Phone: (202) 402-4966
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## 19. Certification for Paperwork Reduction Act Submissions

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

**Note:** The text of 5 CFR 1320.9, and the related provisions of 5 CFR 1320/8(b)(3). Appear 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 Michael Winiarski, Deputy Director, Organizational Policy, Planning and Analysis Division, HROA	Date:
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Signature of Senior Officer or Designee:  X Lillian L. Deitzer, Departmental Reports Management Officer Office of the Chief Information Officer	Date:
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# Supporting Statement for Paperwork Reduction Act Submissions

## Certified Eligibility for Adjustments for Damage or Neglect OMB Control Number 2502-0349

### A. Justification

1. Section 8 paragraph (f) of the National Housing Act (P.L. 479, 48 Stat., 12 U.S.C. 1701 (et seq.)), authorizes the payment of benefits to mortgagees insured under the National Housing Act. Section 204(a) (1) of the same act limits such payment to properties which “meet the requirements of rules and regulations of the Secretary of the Department of Housing and Urban Development in force at the time the mortgage was insured. . .” These rules and regulations are codified at 24 CFR 203 and more specifically at 24 CFR 203.377 through 203.379 (copies attached for reference).

The various programs authorized by the National Housing Act have always based the condition of insurance and insurance benefits on factors of eligibility and on terms as prescribed by the Secretary of HUD. Such terms and conditions are those set forth in the lender’s (mortgagee’s) application for approval to participate in the mortgage insurance program and/or the contract of insurance. For example, 24 CFR 203.377 makes the mortgagee “responsible for a visual inspection of the security property to determine whether the property is vacant . . . and shall take reasonable action to protect and preserve such security property when it is determined to be vacant or abandoned. . .” The regulations at 24 CFR 203.379 set forth the conditions for adjustment to insurance benefits in cases of damages or neglect. Subparagraph (c) of 203.379 regulations contains the information collection for which this collection is being submitted. This information collection is not new and should already be covered under existing OMB clearances such as 2502-0005, which covers the forms used by a lender seeking approval as a mortgagee for the mortgage insurance programs, and 2502-0059, which covers conditions of insurance between the mortgagee and the Commissioner. Item 14B of the Form HUD-92900, which is covered by 2502-0059, defines the limits of hazard insurance to be required by the lender as part of the mortgagor’s payment. Certification of this continued protection is the subject of this clearance.

2. This request involves an approximate 50 respondents or mortgagees who, for audit purposes, must have documentation in their files to support their certification that they are entitled to file a claim and to convey a fire-damaged property without penalty where fire insurance was not available. The burden estimates, therefore, are submitted for an explanation of the activity involved in those cases where hazard insurance cannot be obtained. The only entity that would ever be responsible for this certification would be a mortgagee that had a property that suffered fire damage prior to conveyance to HUD. If the situation surrounding the inability of the mortgagee to have the property fully insured met all the criteria in 24 CFR 203.379(a)(2), then the mortgagee’s reduction for the damage would be limited to the amount of insurance. The mortgagee would certify pursuant to 24 CFR 203.379(a)(2). This happens very rarely. As OMB wants to ensure that all probable collections are identified, the Department estimates that at the most, 250 cases may require such a certification per year.

Mortgagees would maintain such records in their offices for a period of 3 years after submission of a claim for benefits (See HUD Handbook 4330.1, Rev-5). The documents need never be produced except for random audit purpose when a mortgagee might be requested to show that he/she did not falsely certify in order to obtain FHA insurance benefits.

3. The information is recorded, not submitted to HUD, and it will not reside in an automated system. This certification is only required for those few cases that meet this criteria. As very few cases require such a certification, this process will not be automated. However, the claim submission process is almost fully automated (less than 1% of conveyance claims are not submitted electronically). This certification is not submitted with the claim, but is maintained by the mortgagee in the individual claim review file with all

other documentation that supports the claim. The information collection reduces the reporting and recordkeeping to an absolute minimum while maintaining some means of detecting mortgagee fraud or misrepresentation.

4. There is no duplication of information. The certification is only required at the time a claim for insurance benefits is filed.
5. There are no small businesses involved.
6. Without this certification there is no source of this information available to the Department. Mortgagees who do not file this certification with their claim will experience financial losses when they receive claim reimbursements reduced by the amount necessary to repair the property.
7. There are no special circumstances associated with this information collection. This information cannot be collected less frequently than one certification at a time of claim.
8. In accordance with 5 CFR 1320.8(d), the agency's notice soliciting public comments was announced in the *Federal Register* on July 7, 2009 (Volume 74, Number 128, Page 32178). ... comments were received.

The Department consults with the industry on a continuing basis on matters regarding adjustments for damage claims. The comments received have been favorable.

9. There are no gifts or payments of any kind given to respondents.
10. There is no promise of confidentiality given and none is asked for by program participants.
11. No questions of a sensitive nature apply.
12. Estimated burden hours and costs to respondents:

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
Certification	50	1	50	.50	25	\$15.00	\$375.00

The estimate of ½ hour per response is based on program staff experience with program activities.

13. There are no additional costs to respondents.
14. Estimated burden and costs to the Federal government:

Number of Respondents	50
Frequency of Responses	1
Hours Per Response	.50
<u>Hourly Rate</u>	<u>\$15.00</u>
Total Cost	\$375

15. This is an extension of a previously approved collection. The HUD Single Family Claims Division reported that for fiscal year 2009 approximately 250,000 claims will be filed. However during the period of April, 2008 to March, 2009, 25 actual claims involved damaged property conveyances. We are estimating again this year 50 cases for damaged property conveyances.
16. The results of this information collection are not for publication.

17. HUD is not seeking approval to avoid displaying the OMB expiration date.

18. There are no exceptions to the “Certification Statement” identified in Item 19 of the OMB 83-I.

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

There are no statistical methods employed in the collection of this information.