

# Supporting Statement for Paperwork Reduction Act Submissions

## Multifamily Default Status Report OMB Number 2502-0041 Form HUD-92426

### A. Justification

1. The regulations for all of HUD's multifamily mortgage insurance programs require that mortgagees notify HUD where a mortgage payment is more than 30 days past due. Mortgagees use Form HUD-92426 to provide this notice. Attached is a copy of the Form HUD-92426, Multifamily Default Status Report (hereinafter called the Default Notice), which is completed and submitted electronically. Also attached are copies of the statutory and administrative authorities, which govern the collection of this information.
2. The mortgagee submits a Delinquency Notice, subsequently followed by a Default Notice to HUD electronically. HUD field and Headquarters staff use this data to: (a) monitor mortgagee compliance with HUD loan servicing procedures and requirements; and (b) avoid mortgage assignments. Assignments cost the government millions of dollars each year. If mortgagees did not submit this data: (1) the Department would not be aware of defaults; (2) the number of mortgage assignments and insurance claims would increase; (3) our budget deficit would increase because the Department would pay millions of dollars in insurance claims; and (4) the Department would not be able to monitor mortgagee compliance with our loan servicing and default prevention requirements. There was a slight decrease in the number of mortgagees using the system to report default information and a decrease in the number of annual responses from the last submission. This can be a result of the reporting requirement being utilized as early warning of defaults and prevention of mortgage assignments by HUD staff working with project owners. While there are approximately 350 registered users for the system, respondents will not use the system if they do not have any delinquent/default information to report to the Department. However, they are required to register and have access to the system in the event they should be required to report.
3. This form will be completed and submitted to HUD via the internet via the Multifamily Delinquency and Default Reporting System (MDDR), thereby reducing burden hours. However, in special situations the form HUD-92426 may still be used.
4. HUD cannot compile this data from other sources. The data must be supplied by the mortgagee. Other government agencies do not collect this type of information.
5. No small businesses or other small entities are involved in this information collection.
6. Less frequent data collection would conflict with the statute, hamper HUD's ability to monitor debt collection and increase the potential for assignments, diversions and fraud.
7. Mortgagees must report a delinquency after the 15<sup>th</sup> day of the month the payment is due if payment has not been made; a default notice must be submitted no later than 60 days following the date of default; and an election to assign a mortgage to the Department must be submitted 75 days from the date of default, unless an extension has been requested and approved, per regulations.

8. In accordance with 5 CFR 1320.8(d), this information collection soliciting public comments was announced in the *Federal Register* on Monday, March 18, 2013 (Volume 78, Number 52, Page 16702 ). No comments

In addition to publishing notice in the *Federal Register*, the Department also solicited comments from three of the larger FHA multifamily mortgagees and requested their views on the availability of data, frequency of collection, clarity of instructions, format, etc., of the collection. The three mortgagees solicited were Berkadia Commercial Mortgage, located at 116 Welsh Road, Horsham, Pennsylvania 19044; Wells Fargo, located at 2010 Corporate Ridge, Suite 100, McLean, Virginia 22102; and Greystone Servicing Corporation, located at 419 Belle Air Lane, Warrenton, Virginia 20186. The Department will consider some of their suggestions in upcoming releases of the system provided there is adequate funding available for new development or adaptive maintenance.

9. There are no payments or gifts to respondents.
10. While no assurances of confidentiality are pledged to respondents, HUD generally does not disclose this data. HUD would disclose this data only in response to a Freedom of Information Act request; however, some financial information may not be releasable.
11. There are no sensitive questions.
- 12.. Annual Burden Estimate (includes recordkeeping):

| Information Collection | Number of Respondents | Frequency of Response | Total Annual Responses | Burden Hours per Response | Total Annual Burden Hrs | *Hourly Cost | Total Annual Cost |
|------------------------|-----------------------|-----------------------|------------------------|---------------------------|-------------------------|--------------|-------------------|
| HUD-92426              | 44                    | 158                   | 6959                   | 0.1666                    | 1159                    | \$15         | \$17,385          |

Mortgagees are required to keep copies of their electronic submission of HUD-92426 to indicate to the Department's Multifamily Claims Branch upon assignment or foreclosure that the mortgagee followed the proper procedures and timetables in reporting a project's default, actions taken to cure the default and reinstatement or assignment/foreclosure of the mortgage. In many cases the amount of payment made to a mortgagee has been reduced because the proper timetables may not have been followed. Mortgagees have a recordkeeping burden for every defaulted mortgage.

\*\*Estimated cost per hour is based on the respondent's staff to gather and submit the requested information.

13. There are no additional capital/startup costs associated with the collection of information.

14. Estimate of Annualized Cost to the Federal Government.

| Information Collection | Number of Respondents | Frequency of Response | Total Annual Responses | Burden Hours per Response | Total Annual Burden Hrs | *Hourly Cost | Total Annual Cost |
|------------------------|-----------------------|-----------------------|------------------------|---------------------------|-------------------------|--------------|-------------------|
| HUD-92426              | 44                    | 158                   | 6959                   | 0.1666                    | 1159                    | \$35         | \$40,565          |

\*The hourly cost is based on a GS-12 Project Manager charged with reviewing the information.

15. This is a extension of a currently approved collection. The adjustment made to reflect the number of respondents and number of responses based on information available in HUD systems. There was a decrease in the average number of mortgagees using the system to report default information and a slight decrease in the number of annual responses. This can be attributed to the early warning of delinquencies and defaults and HUD staff working with the property owners and lenders to cure the default and avoid an assignment. Respondents will not use the system if they do not have any delinquent/default information to report to the Department.

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

17. The OMB expiration date will be displayed on the form.

18. There are no exceptions to the "Certification for Paperwork Reduction Act Submission".

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

There are no statistical methods used in this collection.