

Supporting Statement for Paperwork Reduction Act Submissions

Mortgagee's Application for Partial Settlement (Multifamily Mortgage) OMB Control Number 2502-0427 (HUD-2537)

A. Justification

1. When a FHA-insured Multifamily mortgage goes into default, the Mortgagee may file a claim with the Secretary to receive the insurance benefits. Statute 12 USC 1713(g) – (r) provides that, ... “the Mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the Secretary, within a period and in accordance with rules and regulations to be prescribed by the Secretary of all rights and interest arising under the mortgage so in default... at its option and in accordance with regulation, and in a period to be determined by the Secretary, proceed to foreclosure on and obtain possession of or otherwise acquired such property after default and receive the benefits of the insurance as herein provided upon prompt conveyance to the Secretary the title of the property...” The Mortgagee may receive a portion of the benefits immediately after the assignment or conveyance.
2. The respondents are only those mortgagees that elect to assign property to HUD. There are approximately 150 such mortgagees annually. When the mortgagee notifies HUD of an election to assign a property to HUD, HUD sends the mortgagee an email with instructions for submitting its claim (see Attachment 1). This request addresses only the Application for Partial Settlement. Within 24 to 48 hours after an assignment or conveyance, the Secretary may pay the Mortgagee a partial amount of insurance benefits. This payment is made prior to the examination of the Mortgagee's claim. The information collected on the subject form, HUD-2537 (Mortgagee's Application for Partial Settlement-Multifamily Mortgage), provides the required information to determine the partial amount. This amount is computed in accordance with the foregoing statutory provisions and regulations promulgated there under in 24 CFR 207 (B), Contract Rights and Obligations.

To apply for a partial settlement, the mortgagee must send HUD form HUD-2537, form HUD-2747 (OMB Control No. 2502-0419), form HUD-1044-D (OMB Control No. 2502-0418), a copy of the Debenture Lock Agreement (if applicable), and all the information contained in Exhibit A of the email at Attachment 1. HUD estimates that all of the approximately 150 mortgagees electing to assign property to HUD will apply for the partial settlement. Immediately upon receipt of the acceptance email sent by HUD, the mortgagee must send via hard copy an original and one copy of the three forms and all the information requested in Exhibit A of Attachment 1. On the date the assignment of mortgage is filed for record, mortgagees must send a telefax to the Chief, Multifamily Claims Branch, at (202) 619-8259 or email scanned documents to multifamilyclaimsbranch@hud.gov. The telefax or email must contain the three forms and all the information requested in Exhibit A of Attachment 1.

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

3. This information is not collected electronically but the respondents are able to complete the fillable form and email it back to HUD for processing. Due to the small number of annual responses, conversion to an electronic system process is not cost effective at this time.
4. Duplication is identified and prevented by the uniqueness of the project number and name. No similar information is being collected elsewhere.
5. There is no impact on small businesses or entities.

6. If collection is not conducted as currently required, the Multifamily Program will incur a substantial increase in interest expenses. With the information collected, up to 90% of insurance benefits are paid within 24 to 48 hours after assignment or conveyance. The balances of the benefits are paid after the Mortgagee submits its completed claim. The Mortgagee is given 45 days after assignment to submit a claim. Without this collection information, additional accrued interest (90% of benefits for 42 or 43 days) would be paid in insurance benefits.
7. The lender is required to prepare a written response to the collection information requirements within 30 days after receiving an application from the Commissioner. Regulation 24 CFR Part 207.258 (b) states, "If the Mortgagee elects to assign the mortgage to the Commissioner, it shall, at any time within 30 days after the date of the Notice of Election, file its application for insurance benefits." The application and (Form HUD-2537) are mailed to the lender after the Commissioner has approved the lender's election to assign the mortgage. Both forms must be received by the Secretary before there is an assignment or conveyance. HUD requires the mortgagee to fax the information on the date the assignment is filed for recording so that HUD pays the least amount of interest possible. Form HUD-2537 states that the lender is to submit the original and one copy of the form to HUD and keep one copy for their records.
8. Information collected is conducted in a manner consistent with the guidelines of 5 CFR 1320.8(d). The Notice announcing this collection of information appeared in the Federal Register on November 20, 2013 (Vol. 78, No. 224, page 69705). No comments were received.

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3. Toni Quattrone, Openheimer Multifamily Housing & Health Care Finance

9. There are no payments or gifts to the respondents, other than the partial claim amount to which they are entitled.

10. No assurance of confidentiality is provided.

11. There are no questions of a sensitive nature.

12. Estimates of the respondents burden and costs:

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
HUD-2537	115	1	115	.25	29	\$19.24	\$558.00
Totals	115		115		29		\$558.00

The hourly rate is based on an estimated average annual salary of \$41,600 for mortgagee clerical personnel, including overhead costs.

13. **Cost to Respondents** - There are no additional costs associated with this collection of information.

14. **Cost to the Federal Government**

Information Collection	Number of Responses	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
HUD-2537	115	1	115	.25	29	\$44.88	\$1,302.00
Totals	115		115		29		\$1,302.00

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

15. This is a request for extension of a currently approved collection. There has been no changes to the program, however, the number of burden hours has slightly decreased due to slow foreclosures.

16. The results of this collection will not be published.
17. The OMB expiration dates will be displayed on the appropriate forms.
18. There are no exceptions to the Certification Statement identified in item 19 of the OMB 83-I.

B. Collection of Information Employing Statistical Methods.

This collection of information does not employ statistical methods.