

Supporting Statement for Paperwork Reduction Act Submissions

FHA-Insured Mortgage Loss Mitigation

A. Justification

1. The National Housing Act (P.L. 479, 48 Stat., 1246, 12 U.S.C., 1701 et seq.) authorizes the Secretary of Housing and Urban Development (HUD) to insure financial institutions against losses as a result of mortgagor defaults on single-family mortgages. The Act also allows HUD to pay claims for any costs incurred by a mortgagee for loss mitigation activities pursuant to the National Housing Act (P.L. 479, 48 Stat., 1246, 12 U.S.C., 1701 et seq.), Sec. 230, (12 U.S.G. 1715 TU).

2. This information collection involves mortgage loan servicers, “mortgagees” that service Federal Housing Administration “FHA” insured mortgage loans and the home owners, “mortgagors” who are involved with those activities. The Loss Mitigation 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 30.35, § 203.342, § 203.356, § 203.357, § 203.365, § 203.370, § 203.371, § 203.401, § 203.414, § 203.471, § 203.501, § 203.605, § 203.614, § 203.616.

FHA Non-Performing Loan Management Overview

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. Mortgagees will determine the most effective form of contact with specific mortgagors during the various stages of delinquency and default. 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.

Early stage defaults are loans that are less than three monthly payments in arrears and will be covered as Delinquency, Default and Foreclosure in a forthcoming information collection request. FHA considers a loan that is due for three or more payments to be seriously delinquent. The great majority of FHA insured loan delinquencies are resolved during the early default stage either through a self cure by the borrower or through an informal payment plan initiated by the mortgagee. Historically, only about 10% of FHA loans that are one or two payments in arrears ever become seriously delinquent. This PRA submission covers foreclosure prevention alternatives that are available for mortgages that are seriously delinquent and for which FHA has authorized use of loss mitigation tools and incentives.

FHA Loss Mitigation Program Overview and General Requirements

The **Loss Mitigation** program/options as covered in this current PRA, includes strategies or options to be used by mortgagees, as they deem appropriate, based on an individual assessment of the mortgagor’s financial circumstances and the status of the loan (24 CFR § 203.501). Three of the options (“home retention options”) promote reinstatement of the mortgage, allowing the borrower to retain home ownership, while two options assist mortgagors who cannot recover from a default transition to lower cost housing (“disposition options”). Key requirements of HUD’s loss mitigation policy include an evaluation of the borrower’s financial condition no later than the 90th day of delinquency; file documentation to support use or non-use of loss mitigation actions and an established priority order for use of these loss mitigation actions.

- Evaluation
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As a part of HUD's Loss Mitigation evaluation process, mortgagees must regularly review their portfolio to identify loans that are overdue for three full monthly installments and are therefore considered seriously delinquent. Mortgagees must evaluate seriously delinquent loans to determine which loss mitigation technique(s), if any, are appropriate as referenced in **loss mitigation evaluation** (24 CFR § 203.605) and must take those appropriate actions, which can reasonably be expected to generate the smallest financial loss to HUD. This evaluation must be performed no later than when three monthly payments are due and unpaid, and must be performed monthly thereafter while the account is in default and foreclosure avoidance and loss mitigation options remain under consideration. The evaluation must include an assessment of the following factors as applicable depending upon the loss mitigation option to be utilized:

- Mortgagor's income, expenses and financial assets
- Occupancy of the property
- Search of HUD's Credit Alert Interactive Voice Response System (CAIVRS), for existing federal debts when considering the Deed in Lieu Foreclosure option.
- Length of delinquency
- Property condition
- Title search to establish first lien status
- Property value as determined by a Broker Price Opinion (BPO) or appraisal
- Mortgagor's commitment to retain homeownership
- Cause of default and potential of the mortgagor to overcome the cause of default

- **Financial Analysis**

In connection with this evaluation Mortgagees must obtain financial information from a delinquent borrower and must use that information to assess the borrower's assets, income, expenses and the amount of surplus income the borrower has available to reinstate the delinquency over time. The formula for calculation of surplus income is included in ML 2000-05. The mortgagee may, at its discretion, obtain this information in writing, via phone, during a personal interview or through the efforts of a HUD approved housing counselor who is providing counseling services to the borrower. However the financial information is collected, the mortgagee must independently verify the accuracy of the information by obtaining a current credit report and other means that the mortgagee may elect to use.

- **Option Implementation**

Based on the evaluation results, the mortgagee shall determine if the mortgagor is qualified for home retention or property disposition loss mitigation options in accordance with HUD's priority order and shall initiate the appropriate action. For each option the mortgagee must create written documentation describing the terms of the option and obtain the mortgagor's signature. Depending on the option, documentation may take the form of a written payment plan, written modification, subordinate lien, etc.

- **File Documentation**

Section 24 CFR § 203.605 requires that the mortgagee maintain documentation of loss mitigation evaluations, including but not limited to attempts to contact borrowers, communications with borrowers, financial data used in the analysis of surplus income, evidence that a loss mitigation evaluation was performed within the appropriate time requirements, and as necessary that required monthly reviews of the borrowers status were performed. This documentation shall be maintained in the claim file. Claim files shall be maintained for a three-year period after the claim has been paid pursuant to Section 24 CFR § 203.365(c) and hard copies of identified claim files must be provided to the Secretary within 24 hours of a request. Record retention hours are built into the matrix to reflect the federal regulations.

- **Reporting**

Mortgagees are required to report the current status of all delinquent loans monthly through HUD's Single Family Default Monitoring System. Mortgagees must also notify HUD of any changes in status as a result of consideration, initiation or failure of a loss mitigation option. The public burden hours of these reporting requirements are included in existing PRA OMB 2502-0584.

Option Specific Requirements

- **Special Forbearance**

A special forbearance option is a written payment plan as referenced in our matrix between a mortgagee and a mortgagor, which contains a plan to reinstate a loan that has been delinquent for at least 90 days (24 CFR § 203.471 and § 203.614). A special forbearance represents a temporary change to the repayment terms. Information is obtained from the mortgagor and evaluated in accordance with the general requirements indicated above. At least once each month for the duration of the special forbearance agreement, the mortgagee must review the borrower's compliance with the payment terms and, if the borrower is not paying as agreed, must either, execute a written change to the special forbearance agreement, utilize another loss mitigation option or begin actions to initiate foreclosure.

- **Loan Modification**

The loan modification option represents a permanent change to one or more of the terms of a mortgage, that when implemented fully reinstates the loan under payment terms that the mortgagor can afford. A modification plan as referenced in the matrix on page 10, may include a change in the interest rate; capitalization of delinquent principal, interest or escrow items; extension of the time available to repay the loan; and/or re-amortization of the balance due (24 CFR § 203.342 and § 203.616). In addition to the general requirements applicable to all loss mitigation options, the following specific requirements apply to loan modifications:

- The mortgagee must have determined that the mortgagor had insufficient surplus income to cure the default using a special forbearance and must so document the loan file.
- Title search to determine through an examination of public records the ownership and encumbrances affecting the real property. FHA does not dictate a specific format for documentation of the modification agreement. The mortgagee is responsible for ensuring that the modification documentation preserves the first lien status of the FHA insured loan. In satisfying this requirement, the mortgagee must comply with any applicable state or federal laws and regulations.
- Recording the modification in public records to provide notification to all subsequent interested parties. The mortgagee will have to make the determination in accordance with state law as to whether it is necessary to record the Modification Agreement to maintain the first lien requirement.

- **Partial Claim**

A partial claim is an option wherein a lender may advance funds on behalf of a mortgagor in an amount necessary to reinstate a delinquent loan (not to exceed the equivalent of 12 months PITI). The mortgagor, upon acceptance of the advance, will execute a promissory note and subordinate mortgage payable to HUD as noted in the matrix, (24 CFR § 203.371 and § 203.414). This option may not be used until the loan is due and unpaid for four monthly installments. In addition to the general requirements applicable to all loss mitigation options, the following specific requirements apply to partial claims:

- The mortgagee must have determined that the mortgagor would be unable to reinstate the delinquency using either a special forbearance or mortgage modification and must so document the loan file.

- Title search to determine through an examination of public records the ownership and encumbrances affecting the real property.
- Recording the partial claim lien in public records to provide notification to all subsequent interested parties. Although HUD does not prescribe a lien priority requirement for partial claims, the mortgagee must ensure timely recordation of the subordinate mortgage. A promissory note must be executed in the name of the Secretary and a subordinate mortgage must be obtained and recorded. The mortgagee must include the provisions of HUD's model form of note and subordinate mortgage (as provided in ML 97-17) and make any amendments required by state laws. While HUD does not endorse the products or services of vendors, the Department is aware that state specific documents are commercially available. Mortgagees who take advantage of the convenience of purchasing these documents should review them prior to use.
- The mortgagee must deliver the original credit and security instruments to HUD.
- Though not currently required, the mortgagee could be required to service the partial claim note and subordinate mortgage.

A variation on the partial claim option that was authorized on a temporary basis to provide disaster relief and may be authorized again in the future is an advance claim. An advance claim functions like a partial claim except that the mortgagee may advance more than is necessary to bring the account current (not to exceed the equivalent of 12 months PITI). The mortgagee may use a portion of the partial claim amount to reinstate the delinquent loan and place the balance in a suspense account which will be used to pay future mortgage payments when they become due. In addition to the general requirements applicable to all loss mitigation options, and the specific requirement for partial claims, the following specific requirements apply to advance claims:

- In conducting the analysis of the borrower's ability to reinstate the debt, the mortgagee must determine the amount of the partial claim by estimating the point in the future when the borrower will be able to resume making full payments.
- The mortgagee must create a suspense account and release funds monthly for the duration of the partial claim agreement.
- Should the borrower resume making payments before the partial claim funds in the suspense account are exhausted, the mortgagee, will be required to return the unused funds to HUD and arrange to modify the partial claim note to reflect the changed amount due.

• **Type II Special Forbearance**

A Type II special forbearance combines a short-term special forbearance plan and a modification or partial claim as a single loss mitigation plan. Mortgagees should use a Type II special forbearance whenever the loss mitigation evaluation determines that the borrower's best option is either a modification or a partial claim but there is concern about the borrower's ability or commitment to keep the payments current following reinstatement.

In addition to the general requirements applicable to all loss mitigation options and the special requirements for modifications or partial claims as applicable, the following specific requirements apply to Type II special forbearance actions:

- The mortgagee must administer payments received under a special forbearance for three months before the modification or partial claim may be completed.
- The mortgagee may file only one loss mitigation claim and may not receive additional compensation for the special forbearance trial period.

• **Pre-Foreclosure Sale**

The pre-foreclosure sale (PFS) option allows a mortgagee in default to sell his or her home and use the sale proceeds to satisfy the mortgage debt even if the proceeds are less than the amount owed (24

CFR § 203.356, 24 CFR § 203.370 and 24 CFR § 203.401(c)). The difference is paid, through the FHA claims process, to the mortgagee in order to cancel the instrument. Mortgagor's, who qualify for PFS eligibility, must be the owner occupants of a home, which has a FHA-insured mortgage loan. The mortgage loan must be in default at the time application is made to pursue a PFS and the current fair market value must be less the amount owed on the mortgage loan as determined by HUD. In addition to the general requirements applicable to all loss mitigation options, the following specific requirements apply to PFS's:

- Borrower application and counseling disclosure.
- Mortgagees must obtain a standard FHA appraisal from an appraiser on the FHA roster who does not share any interest with the mortgagor or the mortgagor's agent and must carefully review the appraiser's value conclusion and document this review in the claim review file. As part of its appraisal review procedure, mortgagees must either establish a formal quality assurance review process specifically for PFS appraisals or must include PFS appraisals in an existing appraisal quality assurance program.
- Prior to execution of form HUD-90045 *Approval to Participate*, the mortgagee must obtain a title search or preliminary report verifying that the title is not impaired with un-resolvable title problems, or junior liens that cannot be discharged as allowed by HUD. If the mortgagee determines that junior liens and other title issues can be resolved, the mortgagor may be accepted into the PFS program while resolution of any title issues can be pursued concurrently with marketing the property.
- Mortgagee may be required to assist borrower in correcting minor title defects.
- Mortgagees shall notify the mortgagors using form HUD-90045, *Approval to Participate* if they meet the PFS program requirements, the date by which a signed contract for sale must be obtained, and the minimum acceptable net sales price.
- 7 day notice of denial to participate.
- Ensure that the property is listed with a licensed broker.
- Monitor marketing efforts monthly, review and approve the sale contract to ensure that price and terms are consistent with HUD guidelines and with allowable sale price ratios. The mortgagee will have five (5) working days from receipt of an executed Contract for Sale, signed by all of the parties, to respond using the form HUD-90051, *Sale Contract Review*.
- Prior to closing, the mortgagee will provide the closing agent with a form HUD-90052, *Closing Worksheet*, which lists all amounts payable out of sale proceeds.
- Mortgagee will review the HUD 1 to ensure that it complies with earlier closing cost estimates.
- A PFS must be reported to national credit bureaus as a "short sale."
Mortgagees will be responsible for filing information return Form 1099-A with the IRS and reporting any discharge of indebtedness, in accordance with the Internal Revenue Code.

Mortgagors, who successfully sell to a third party within the required time, may receive a cash consideration up to \$1,000. Mortgagees also receive a \$1,000 incentive for successfully avoiding the foreclosure. If the property does not sell, mortgagors are encouraged to convey the property to FHA through a deed-in-lieu of foreclosure providing the title is marketable. HUD's objective is to obtain the highest possible proportion of desirable outcomes (completed pre-foreclosure sales or alternatively, deeds-in-lieu of foreclosure) from the participants in the PFS procedure.

• **Deed-in-lieu of Foreclosure**

A Deed-in-Lieu of Foreclosure (DIL) is a disposition option in which a mortgagor voluntarily deeds collateral property to HUD in exchange for a release from all obligations under the mortgage (24 CFR § 203.357). Mortgagees may accept a deed-in-lieu of foreclosure from non-corporate mortgagors and convey title to HUD in return for insurance benefits. The mortgagee will consider a DIL of foreclosure in states and jurisdictions where the foreclosure process is time consuming, expensive, or where there is an extensive redemption period, to minimize HUD's losses. In addition to the general requirements applicable to all loss mitigation options, the following specific requirements apply to DIL's:

- Mortgagee has encouraged the borrower to attempt a pre-foreclosure sale or has otherwise determined that a PFS is not appropriate.
- Title report – clear title. A search to determine through an examination of public records the ownership and encumbrances affecting the real property.
- Mortgagee may be required to assist borrower in correcting minor title defects.
- Written agreement that address the following; the mortgagor does not own other property, specific transfer date, tax consequences, non-pursuit of a deficiency judgment, physical condition of the property, conveyance of vacant and free of personal property, itemization of fixture and equipment, evidence of utilities/assessments etc..
- Mortgagee to arrange physical inspection of property at time of vacancy
- Mortgagee to pay borrowers compensation in accordance with guidelines and obtain reimbursement through claim.
- Mortgagees will be responsible for filing information return Form 1099-A with the IRS and reporting any discharge of indebtedness, in accordance with the Internal Revenue Code.

Tier Ranking System

All mortgagees are required to analyze the financial capability of defaulting FHA borrowers and utilize alternative payment options to mitigate losses to the borrower, damage to communities, and the FHA insurance fund through the options. HUD uses a congressionally mandated four level process adopted within the Tier Ranking System (TRS) to measure the mortgagees' engagement of loss mitigation tools using automated data models to evaluate and rank the lenders. Mortgagees ranked quarterly in tier one and two (the highest rated tiers) are analyzed on a statistical basis to ensure that each option is equitably utilized. Mortgagee's in tiers 3 and 4 (the lowest rated tiers) are targeted for additional training by HUD's National Servicing Center (NSC) as well as referred for further investigation or audit by the Quality Assurance Division (QAD). HUD reviews and determines those mortgagees that use one initiative exclusively at the expense of the others. Numbers far outside the national average may indicate mortgagee abuse of the policies or lack of training. Those mortgagees whose ratios of loss mitigation fall outside the normal mortgagee standards and who do not have a reason for such usage are also referred for training, targeted for investigation, or audit.

HUD collects information on formal forbearances through its Single Family Default Monitoring System (SFDMS) as covered in the Delinquency, Default and Foreclosure PRA. Mortgagees that initiate forbearances and report the appropriate codes during a rating period are given credit for that forbearance. For TRS, HUD uses the mortgage status date (as reported to SFDMS by the mortgagee) as the date of record. HUD collects information on loss mitigation home retention options through the paid claims that mortgagees file. For credit in TRS, HUD uses the date the claim was paid as the date of record. HUD collects information on terminations through paid conveyance claims that mortgagees file. For TRS, HUD uses the FHA insurance termination date as the record date.

3. Mortgagees are lenders that service loans and have varied volumes of loan portfolios. 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. Mortgagees 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. 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. The Loss Mitigation program, as described in federal regulations, is considered critical to FHA because it works to fulfill the goal of helping borrowers in default retain home ownership while reducing, or mitigating the economic impact on the insurance fund.

The monthly reporting of delinquencies and claims by mortgagees, also mentioned in federal regulations and covered in a forthcoming Delinquency, Default and Foreclosure PRA submission, is required to evaluate the health of the mortgage lending industry. Tier ranking derived from monthly delinquency reporting, measures whether the mortgagee has performed adequate and prudent mortgage loan servicing as compared to other firms in their peer group.

7. The mortgage industry and the FHA loan program provides for a loss mitigation evaluation no later than 90 days from the date of the first unpaid installment. 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 October 24, 2012 (Volume 77, Number 206, Page 65011). No comments were received.

This OMB request is the result of continuous yearly telephone conversations, meetings, seminars and workshops involving the mortgage loan industry. Staff as well as managers has met with mortgage business leaders, housing consultants and contractors that have provided information and completed research for the department. Statistical information created by the Department has been used to establish the volume of activity for various areas of our operations, i.e. the loss mitigation program and options.

9. This PRA and the collection of information does provide incentives to the mortgagee for various reinstatement options which includes; special forbearance of \$100, (Tier 2,3, or 4 mortgagees) and \$200 (Tier 1 mortgagees), loan modification of \$750 and partial claims of \$500, pre-foreclosure sale of \$1,000 and deed-in-lieu of foreclosure \$250.
10. The Privacy Act of 1974 protects respondents who meet the information reporting requirements. There are no other pledges of confidentiality.
11. The information collection does not contain any questions of a sensitive nature.
12. Estimated Burden and Cost to Respondents: Respondents are mortgagees who are also known as lenders that service loans and have varied volumes of loan portfolios. The number of respondents can vary depending on the particular type of activity. In the example below, 402 respondents are involved with Loss Mitigation and 152 respondents are examined for the Tier Ranking System. The number of respondents who file Claims, (which will be addressed in another PRA), is different then the number below. The number will change again for the Delinquency/Default and Foreclosed Loans PRA.

The number respondents involved with home owner or mortgagor activity varies from 80,600 to 1,732 depending on the type of loss mitigation option that is utilized. Obviously, we are hoping to assist more mortgagors through a Special Forbearance (27,031) then a Deed in Lieu of Foreclosure (335).

FHA has been busy over the past 3 years with FHA-insured mortgage loans on the rise. Our mortgage loan products have become the “only game in town” for new homeowners since the private sector has tightened lending requirements on the conventional loan market. The FHA-insured mortgage loan portfolio grew from 5.2 million in 2009 to 7.7 million in 2012, a 68 percent increase. The FHA market share is still increasing as evidenced by our approval of new originators and servicers/Respondents. This is why our numbers on the spreadsheet below have doubled.

LOSS MITIGATION

Information Collection	Number of Respondents	Response Frequency (Average)	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
Loss Mitigation Program (LM)							
Special Forbearance (SF)							
SF Evaluation	402	67	27,031	4.00	108,124	\$15.00	\$1,621,860
Mortgagor Activity	27,031	1	27,031	1.00	27,031	\$13.00	\$351,403
SF Written Payment Plan	402	67	27,031	2.00	54,062	\$15.00	\$810,930
Mortgagor Activity	27,031	1	27,031	1.00	27,031	\$13.00	\$351,403
HUD Approval, Optional	402	7	2,703	1.00	2,703	\$15.00	\$40,545
SF Record Retention	402	67	27,031	1.00	27,031	\$15.00	\$405,465
Loan Modification and Partial Claim (LMC)							
LMC Evaluation	402	200	80,600	4.00	322,400	\$15.00	\$4,836,000
Mortgagor Activity	80,600	1	80,600	1.00	80,600	\$13.00	\$1,047,800
LMC Written Modification	402	200	80,600	2.00	161,200	\$15.00	\$2,418,000
Mortgagor Activity	80,600	1	80,600	1.00	80,600	\$13.00	\$1,042,800
LMC Record Retention	402	200	80,600	1.00	80,600	\$15.00	\$1,209,000
Partial Claim (PC)							
PC Evaluation	402	45	17,971	4.00	71,884	\$15.00	\$1,078,260
Mortgagor Activity	17,971	1	17,971	1.00	17,971	\$13.00	\$233,623
PC Subordinate Lien	402	45	17,971	2.00	35,942	\$15.00	\$539,130
Mortgagor Activity	17,971	1	17,971	1.00	17,971	\$13.00	\$233,623
PC Claim for Benefits	402	45	17,971	1.00	17,971	\$15.00	\$269,565
HUD-27011 “Claim for Insurance Benefits”	402	45	17,971	.50	8,985	\$15.00	\$134,775
PC Record Retention	402	45	17,971	1.00	17,971	\$15.00	\$269,565
Pre-foreclosure Sale (PFS)							
PFS Evaluation	402	93	37,364	4.00	149,456	\$15.00	\$2,241,848
Mortgagor Activity	37,364	1	37,364	1.00	37,364	\$13.00	\$485,732
PFS Claim for Benefits	402	93	37,364	1.00	37,364	\$15.00	\$560,466
Notice of Foreclosure	402	93	37,364	.25	9,341	\$15.00	\$140,115
HUD-90035 “Pre-foreclosure Sale Procedure”	402	93	37,364	.25	9,341	\$15.00	\$140,115
HUD-PA-426, “How to Avoid Foreclosure”	402	93	37,364	.25	9,341	\$15.00	\$140,115
Request for Financial Information	402	93	37,364	.25	9,341	\$15.00	\$140,115
HUD-90045 “Approval to Participate”	402	93	37,364	.50	18,682	\$15.00	\$280,230
PFS Denial	402	5	1,868	.25	467	\$15.00	\$7,005
HUD-90041 “Request for Variance”	402	9	3,736	.25	934	\$15.00	\$14,010

Information Collection	Number of Respondents	Response Frequency (Average)	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
HUD-90051 "Sale Contract Review"	402	93	37,364	.25	9,341	\$15.00	\$140,115
HUD-90052 "Closing Worksheet"	402	93	37,364	.25	9,341	\$15.00	\$140,115
IRS Form 1099-A "Acquisition or Abandonment of Secured Property"	402	93	37,364	.25	9,341	\$15.00	\$140,115
HUD-27011 "Claim for Insurance Benefits"	402	93	37,364	.50	18,682	\$15.00	\$280,230
PFS Record Retention	402	93	37,364	.50	18,682	\$15.00	\$280,230
Deed-in-Lieu of Foreclosure (DIL)							
DIL Evaluation	402	4	1,732	4.00	6,928	\$15.00	\$103,920
Mortgagor Activity	1,732	1	1,732	1.00	1,732	\$13.00	\$22,516
CAIVRS Review	402	4	1,732	.25	433	\$15.00	\$6,495
Non-Corporate Request for DIL	402	4	1,732	.50	866	\$15.00	\$12,990
Corporate Request for DIL	402	<1	173	.50	87	\$15.00	\$1,305
HUD Approval, "Corporate Only"	402	<1	173	1.00	173	\$15.00	\$2,595
HUD-27011 "Claim for Insurance Benefits"	402	4	1,732	.50	866	\$15.00	\$12,990
DIL Record Retention	402	4	1,732	1.00	1,732	\$15.00	\$25,980
Tier Ranking							
Mortgagee Communication (verbal/email)	152	2	304	1.00	304	\$15.00	\$4,560
Totals	303,718		1,169,033		1,520,216		\$22,217,654

- The hourly cost is based on an estimated mortgagee staff salary of \$31,200 annually.
- The hourly cost is based on an estimated mortgagor salary of \$27,040 annually.
- Burden hours are different for form 27011 for this program because the servicer completes the forms on a regular basis, does not require repetitive reading of instructions and the forms are system generated and fillable, thus cutting down on the burden time.

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
Deed-in-Lieu of Foreclosure					
Non-Corporate Request for DIL	1,732	1.00	1,732	\$25.00	\$43,300
Corporate Request for DIL	173	1.00	73	\$25.00	\$4,325
Tier Ranking					
Letters to Mortgagees	152	4	608	\$25.00	\$15,200
Mortgagee Communication (verbal/email)	152	1.00	152	\$25.00	\$3,800

The hourly cost per response reflect the the average hourly wage paid for a federal employee who is typically a GS12.

15. This is extension of a currently approved collection and there has been no program changes. However, the economic conditions over the past few years has caused re-default rates on FHA-insured loans to increase, which also caused an increase in loss mitigation cases. Since the private sector has tightened their lending requirements on conventional loans, the FHA-insured mortgage loan portfolio has grown from 5.2 million in 2009 to 7.7 in 2012, approximately a 68 percent increase. The FHA market is still increasing thus causing an increased participation in FHA's Loss Mitigation Program.
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.