

## Supporting Statement for Paperwork Reduction Act Submissions

### Mortgagee's Certification of Fees and Escrow and Surety Bond Against Defects

OMB Control Number 2502-0468

(Form HUD-2434, HUD-3259)

#### A. Justification

1. Section 207(b)(2)1 of the National Housing Act, 12 U.S.C. 1701 et seq.), applicable portions of which are attached for references, gives the Secretary the discretion to restrict charges to the mortgagor. Regulations published in 24 CFR 200.41 through 24 CFR 200.63 details the maximum fees and charges that may be collected by the mortgagee. The regulation states that, (a) mortgagee fees and charges included in the mortgage must be for actual required services provided to the mortgagor by the mortgagee, and shall not exceed common market rates for such services as determined by the Commissioner; and (b) mortgagee charges for prepayment of the mortgage and late mortgage payments shall not exceed that determined appropriate by the Commissioner.
2. The information collected on form HUD-2434, Mortgagee's Certificate, is required for all mortgages in cases involving insurance of advances to satisfy legislative requirements. Mortgagees must identify finance fees being collected and escrow requirements. The mortgagee certifies to the Commissioner that it will conform with terms and conditions established by the Commissioner for the mortgagee's control of project funds, and other incidental requirements established by the Commissioner. The information is also used in processing applications, project inspections, cash requirements, etc. HUD, in reviewing this form, determines the reasonableness of the fees and ensures that the required escrows are being established. The information is provided by sponsors and general contractors and submitted by HUD-approved mortgagees.

Form HUD-3259, Surety Bond Against Defects, is required on all newly constructed projects. It insures the mortgagor that the real property was constructed in accordance with the plans and specifications.

The documents, HUD-2432 and HUD-3259 are typically signed and handed to the HUD attorney at loan closing.

3. Reengineering efforts are being made to replace the DAP system, which would improve the functionality and replacement of technology, and the online implementation of automated underwriting processing from the beginning to end of completion, including the e-signature. The target date of Q1 FY16 was given for implementation. The information was based on the 2009 FHA Multifamily IT Strategy Plan, modernization of IT. This information was submitted to Congress. Procurements are involved so the projected date is 9/2016 for implementation assuming all goes well with procurements.

4. A review of multifamily housing processes confirms that no other collection provides this particular information. No similar information that is available could be used or modified to satisfy this requirement.
5. The collection of this information will not have a significant impact on small business or other small entities. By requiring the submission of this form only once, the Department minimizes the burden on small mortgagees.
6. The collection of the information occurs once for each multifamily project. The Department would not meet the intent of the law and Federal regulations if collection were eliminated.
7. There are no special circumstances involved in the collection of this information.
8. In accordance with 5CFR 1320.8(d), this information collection soliciting public comments was announced in the Federal Register on **September 21, 2015**, Volume **80**, No. **182**, Pages **57011**. (N/A) Comments received.
9. The collection of this information does not provide any payments or gifts to respondents.
10. No information about individuals is obtained from the use of this form
11. This form does not request information that could be considered of a sensitive nature.
12. Estimated burden and cost involved in completing and reviewing form HUD-2434. This form is to be submitted prior to initial closing for all cases involving insurance of advances.

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hr Per Response	Annual Burden Hours	Hrly Cost Per Response	Annual Cost
HUD-2434	1,070*	1	1,000	0.75	750	\$28.00	\$21,000
HUD-3259	1,070	1	1,000	0.30	300	\$28.00	\$8,400
Totals	1,070		2,000		1,050		\$29,400

\* This information is based upon data requested on insured projects from MAP/TAP and inter-office discussions with Field Office staff. The Field Office staff also determined the estimated review time involved for the form HUD-2434.

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

Information Collection	Number of Reviews	Frequency of Response	Responses Per Annum	Hrs Per Response	Annual Burden Hours	Hrly Cost Per Response	Annual Cost
HUD-2434	1,000*	1	1,000	.75	750	\$39.83	\$29,872

HUD-3259	1,000	1	1,000	.30	300	\$39.83	\$11,949
Totals							\$41,821

The hourly rate is based on the salary of a GS-12 step 5 for field staff review of documents.

\*HUD Field Office staffs have responsibility for reviewing forms.

15. This is an extension of a currently approved collection. These numbers reflect an average of initial endorsements for the past three fiscal years. We anticipate an increase annually in applications.

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

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.

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

This information collection does not employ statistical methods.