

Supporting Statement for Paperwork Reduction Act Submissions

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

A. Justification

1. The regulations that require mortgagees to report a notice of default, notice of election to assign, and assignment of a defaulted loan to HUD, are found at 24 CFR 207.256(a), 207.256(b), 207.258(a) and 207.258(b). MDDR replaced Form HUD-92426, Multifamily Default Status Report. HUD's regulations at 24 CFR Part 200, Subpart B, requires the lender's electronic filing of such notifications.
2. The mortgagee submits a Delinquency Notice if a mortgage payment is not made within the grace period in the loan document. If no payment is received by the 30th day of the month, the loan is in default, and the lender is required to submit a Notice of Default (fiscal) within 60 days from the date of default. Early notification of a mortgage delinquency and default and assist HUD field and Headquarters staff to not only monitor mortgagee compliance with HUD loan servicing procedures and requirements, but assist in identifying the underlying cause of the delinquency/default and provide possible remedies that will cure the default, reinstatement the mortgage and avoid a FHA mortgage insurance claim. The lender is entitled to file a mortgage insurance claim on a defaulted loan within 75 days from the date of default. Assignments are costly to the government. 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. 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.
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. There is no impact on small businesses for this collection.
6. Less frequent data collection would conflict with the regulatory reporting requirements for lenders, and thus, hamper HUD's ability to monitor delinquencies and defaults that could increase the potential for assignments. Regulations for reporting requirements are listed in #1 above, #2, and #7 below.
7. Mortgagees must report a delinquency after the 15th or 20th day of the month the payment is due depending on the mortgage document. If non-payment continues for 30 days, 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.

Special circumstances requiring:
response more than quarterly; Non Applicable

response in fewer than 30 days; a delinquency is reported in less than 30 days when the grace period for a mortgage payment is passed; Non Applicable

more than an original and two copies of any document; Not applicable

retain records for more than three years (other than health, medical, government contract, grant-in-aid, or tax records); history stays in MDDR; Non Applicable

statistical surveys not designed to produce results than can be generalized to the universe of study; Not applicable

statistical data classification not been approved by OMB; Not applicable

a pledge of confidentiality that is not supported by statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; MDDR does not maintain any lender proprietary data in the MDDR system. MDDR does lookup iREMS tables to access lender information when needed, which may include FHA project number, Lender name, property ID in iREMS, etc., but this information is not stored in the MDDR system. The data retained in MDDR includes payment data, dates when payment is due, lender comments etc.

respondents to submit proprietary trade secret, or other confidential information. Not applicable

8. In accordance with 5CFR 1320.8(d), this information collection soliciting public comments was announced in the Federal Register on **June 29, 2016**, Volume **81**, No. **125**, Pages **42369**. (0) Comment received.

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. MDDR does not maintain any lender proprietary data in the MDDR system. MDDR does lookup iREMS tables to access lender information when needed, which may include FHA project number, Lender name, property ID in iREMS, etc., but this information is not stored in the MDDR system. The data retained in MDDR includes payment data, dates when payment is due, lender comments etc. 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	50	90.66	4533	0.1666	755.20	\$20	\$15,104.00

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	50	90.66	4533	0.1666	755.20	\$37.25	\$28,131.20

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

15. This is a revision of a currently approved collection. Adjustments made to reflect the number of respondents and number of responses based on information available in HUD systems. There was a slight increase in the average number of mortgagees using the system to report default information and a decrease in the number of annual responses. This can be attributed to the early warning of potentially troubled projects by reporting delinquencies and defaults and HUD staff working with the property owners and lenders to cure the default and avoid an assignment, and also a avoid a default overall. 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.