

# 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](mailto: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. Explain any special circumstances that would cause an information collection to be conducted in a manner: **(PLEASE ANSWER EACH BULLET SEPAERATELY)**
- requiring respondents to report information to the agency more than quarterly;  
Not Applicable.
  - requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;  
Not Applicable
  - requiring respondents to submit more than an original and two copies of any document;  
Not Applicable
  - requiring respondents to retain records other than health, medical, government contract, grant-in-aid, or tax records for more than three years;  
Not Applicable
  - in connection with a statistical survey, that is not designed to produce valid and reliable results than can be generalized to the universe of study;  
Not Applicable
  - requiring the use of a statistical data classification that has not been reviewed and approved by OMB;  
Not Applicable
  - that includes a pledge of confidentiality that is not supported by authority established in 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; or  
Not Applicable
  - requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.  
Not Applicable
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 **May 19, 2017, Vol. 82, No. 96, page 23062**. No comments were received.
1. Kim Robinson, Berkadia,
  2. Dalonda Worthy, Key Bank,
  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.

The Privacy Act of 1974 provides an assurance of confidentiality to the respondents. This is protected under The Privacy of Freedom of Information Act (FOIA) OF 1974, 5 U.S.C.&552a.

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
<b>Totals</b>	<b>115</b>		<b>115</b>		<b>29</b>		<b>\$558.00</b>

The hourly rate is based on an estimated average annual salary of GS06/05/06 \$41,600 for mortgage 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
<b>Totals</b>	<b>115</b>		<b>115</b>		<b>29</b>		<b>\$1,302.00</b>

The hourly rate is based on the average annual salary of a GS-12/06 and includes a small amount of overhead.

15. This is a request for extension of a currently approved collection. There have 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.