

Supporting Statement for Paperwork Reduction Act Submissions

FHA-Insured Mortgage Loan Servicing Involving the Claims and Conveyance Process, Property Inspection/Preservation

OMB Control Number 2502-0429

HUD-9539, HUD-27011, HUD-9519a, HUD-50002, HUD-50012

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 deal with, complete, rent, renovate, modernize, insure, or sell for cash or credit, at his/her discretion, any properties conveyed to the Department under contracts of mortgage insurance. The regulatory authority for this collection of information are specifically set forth in Title 24 of the Code of Federal Regulations (CFR) in numerous locations: 24 §§ 203.350, 203.355, 203.357, 203.359, 203.360, 203.362 through 203.365, 203.368, 203.369, 203.377, 203.378, 203.379, 203.381, 203.382, 203.389, 203.402, 203.414, 203.670 through 203.681.

Re-delegations of authority to enter into and administer procurement contracts for goods and services for acquired properties have been made to specific positions within HUD local offices. Departmental officials assigned, detailed, or acting in these positions has been made responsible for exercising such procurement authority in accordance with all applicable laws, regulations, and procedures. Applicable regulations regarding procurement are contained in the Department's input to the Federal Acquisition Regulations.

2. This information collection is based on the claims activity involving the mortgage loan servicing of foreclosed mortgage loans after the foreclosure. Due to conditions in the mortgage banking industry, foreclosures, claims, and acquisitions have increased. Additionally, due to the increased popularity of the Federal Housing Administration (FHA) insured loan program the loan portfolio has increased. The number of respondents has also increased in addition to existing respondents becoming more active. With this increases, this OMB collection results in a slight increase associated with responses and annual costs. As a result of technological advances as forms HUD-27011 and HUD-50002 are submitted electronically via FHA Connection or P260 with obsolete form HUD-91022 and paper form HUD-50012 no longer is use, this OMB collection results in a decrease that reduces the annual burden hours.

The respondents for the collection are Mortgagees, Mortgagors and Contractors that service FHA-insured mortgage loans, mortgagors who are the homeowners and contractors including the mortgage compliance monitor (MCM), who manage HUD real estate owned (REO) activities. Mortgage insurance claims for Home Equity Conversion Mortgages (HECM) also utilize form HUD-27011, (parts A, B, C, D & E), Single Family Application for Insurance Benefits.

However, the information collection for the HECM program is reported under existing OMB control number 2502-0611.

Claims and Conveyance

The filing of Claims for insurance benefits and Conveyances to the Department are covered in this PRA as well as activities for conveyance and property preservation.

Form HUD-9539, Requests for Occupied Conveyance

- Occupied conveyance regulations at 24 CFR § 203.670 through § 203.681 states that at least 60 days but not more than 90 days before the date on which the mortgagee expects to acquire title to the property: the mortgagee shall notify the mortgagor and each head of household who is occupying a unit of its potential acquisition by HUD. Mortgagees are required to provide a notice of acquisition to mortgagors and to any occupant of the property. In its first notice to the occupancy, the mortgagee informs the occupancy of his/her rights and includes the conditions for continued occupancy; A Form HUD-9539, “Request for Occupied Conveyance” is sent at this time. If the occupant desires to remain in occupancy, the occupant must complete form HUD-9539, and submit the form to HUD’s mortgage compliance monitor (MCM) contractor within 20 days after the date of the mortgagee’s notice. This information is necessary for HUD to determine if the occupant is financially able to pay the fair market rent; and/or whether a member of the immediate family residing in the residence suffers from a temporary, permanent, or long term illness or injury which would be aggravated by the process of moving from the property. HUD uses the information in making its determination as to whether to approve or disapprove the occupant’s request for occupied conveyance. An occupant with an approved request must execute a month-to-month lease and a copy of the lease is mailed along with the HUD-9539 form to HUD’s MCM contractor. The information may also be used to collect past due rents.

Mortgagee’s Request for Extensions of Time Requirements

- A request for extensions of time requirements are found at 24 CFR §§ 203.355, 357, 359, 363 and 365. The respondents are FHA mortgagee’s who filed form HUD-50012 “Mortgagees Request for Extension of Time Requirements” if, for some reason, it is not possible to take certain actions within specific time limitations. The paper version of form HUD-50012 is now obsolete. However, the information collection is still in effect and reported electronically into HUD’s internet based electronic systems of record: Extensions and Variances Automated Requests System (EVARS) and P260. If HUD finds, after notice of default that the default was due to circumstances beyond the control of the mortgagee, HUD may, upon such terms and conditions as prescribed, approve the request of the mortgagee for an extension of the time for curing the default and time for commencing foreclosure proceedings or for acquiring title to the mortgaged property. The information collection is used by HUD to evaluate requests for extensions of regulatory time limits within which specific foreclosure processing steps must be taken and to respond to the requests. The request for an extension of time must be filed with HUD prior to the expiration of the due diligence time frames and may be submitted electronically.

An example of Form HUD 50012 is available on HUD's Client Information Policy Systems HUDCLIPS). The electronic form is submitted through P260 to the Mortgage Compliance Manager (MCM) or its Marketing and Management (M&M) contractor who documents its decision on the electronic form and it is returned to the mortgagee through P260 who maintains the approved or denied request in the claim file. This single form documents both the request for extension and HUD's approval or denial and is easily maintained in the mortgagee's claim file.

The information collection for Form HUD 50012 is also used under the HECM program and is reported under existing OMB control number 2502-0611.

Form HUD-27011, Single Family Application for Insurance Benefits

- Authority for obtaining this information is provided in regulations Section 204(a) of the National Housing Act (12 U.S.C. 1710) which outlines the terms and conditions under which the Secretary of HUD may pay insurance benefits to a mortgagee for any insured mortgage. Regulations are found in 24 CFR § 203.350 through § 203.414. Form HUD-27011, Parts A, B, C, D and E "Single Family Application for Insurance Benefits" is the only form HUD uses to allow mortgagees to file a claim for insurance benefits on single-family mortgages. As a matter of standard business practice, used by mortgagees to initiate and document its loan servicing activities. Action for defaulted borrowers include, but are not limited to deeds in lieu of foreclosure, Pre-foreclosure sales, assumptions, special forbearances and partial claims of mortgages. Information is collected regarding the verification of residence or employment, condition of property, short and long-term plans for housing and employment income, and access to financial services may be collected for evaluation of appropriate loss mitigation.

The vast majority of insurance claim forms are filed electronically using the FHA Connection or can also be submitted via the Electronic Data Interchange (EDI). In very few cases, at HUD's request or instruction, a paper submission of the insurance claim may be required and sent regular mail. HUD reserves the right to request documentation in the form of hard copy for audit purposes from HUD's MCM contractors pursuant to HUD current or future direction. All information collected to some degree is standard business practice, however due to HUD's claim process HUD ascribes burden hours thereto.

- o The type of property information consists of: property appraisal; evidence of property damage type (tornado, boiler explosion, fire, flood, earthquake); evidence of damage or destruction of vacant or abandoned properties; approvals to convey a damaged property; evidence of vacancy or abandonment; documentation of P&P actions performed; date damage occurred; estimate of recovery or damage; property tax information; certification of property condition; special assessments; hazard insurance; insurance settlement for damage to the property; occupants of property and date vacated; title evidence (including easements, encroachments, violations of codes or covenants); oil, water, or mineral rights; other liens on the property; charges for community owned property; assignment information; acceptance of deed-in-lieu of foreclosure; documentation for pre-foreclosure sale (including the borrower's application to participate in the program, the lender's approval, and evidence of housing counseling to the borrower).

- o The type of property expenses consists of: disbursements for protection and preservation; property inspection reports; rental income/expense; attorney/trustee fees; mortgage insurance premiums; lost opportunity costs; advertising; eviction expenses; uncollected interest; foreclosure action (including notice of default, notice of sale, conducting the sale, transfer to title and recording of documents, transfer of funds); costs of sale (discount points, sales commission, recording fees servicing charge, termite report, title insurance); correction of any title defects.
- o The type of borrower information consists of: Financial information; verification of employment; original credit and security instruments; underwriting documentation; loan payment history; firm commitment; mortgage insurance certificate; deed; subordinate liens for partial claims; notice of default; borrower meetings; documents signed to modify the loan; late fees; penalties; non-sufficient check fees; loan subordination information; bankruptcy filing/discharge/release/dismissal; deficiency judgment after foreclosure.

Claims Without Conveyance of Title (CWCOT)

- Section 426 of the Housing and Urban-Rural Recovery Act of 1983 amended Section 204(a) of the National Housing Act authorizing payment of insurance benefits for CWCOT, without conveying title of the foreclosed properties to HUD. On August 1, 1990, the CWCOT regulatory procedure was adapted for use only in cases involving deficiency judgments, or other situations where HUD either requests or requires a mortgagee to obtain a property appraisal and to use CWCOT. FHA’s policy effective February 1, 2015 required all mortgagees to use CWCOT for all foreclosure sales and Post-Foreclosure Sales efforts. Form HUD-91022 is now obsolete. However, the information collection is still in effect and has been replaced with the following new process. According to 24 CFR § 203.368, the CWCOT procedure requires mortgagees to bid the Commissioner's Adjusted Fair Market Value (CAFMV) at the foreclosure sale of a property securing an FHA-insured mortgage. The property’s CAFMV is defined as its fair market value less adjustments as the Commissioner deems appropriate.

Unless otherwise directed by HUD, mortgagees must first obtain, and review for accuracy, an “as-is” FHA appraisal, which includes both an interior and exterior evaluation of the property. If the property is occupied and an interior appraisal cannot be obtained, an “exterior-only” appraisal may be used. The appraisal must be valid on the date of the foreclosure sale. Appraisals are valid for 120 days. If delays such as bankruptcy, court delays or delays outside of the mortgagee’s control occur, the lender is granted an additional 30 day extension on the appraisal expiration date.

After the property’s appraised value has been established, employees of a mortgagee authorized to access the CAFMV link in FHA Connection should visit <https://entp.hud.gov/clas/index.cfm> to determine a property’s CAFMV. In determining a property’s CAFMV, a “Competitive Sale” is when a mortgagee elects to use an independent third-party provider (e.g., an auction company) to conduct the foreclosure sale or in connection with any Post-Foreclosure Sales efforts and the property is marketed for a minimum of 15 days. A “Non-Competitive Sale” is when a mortgagee elects not to use an independent third-party provider (e.g., an auction company) to conduct the foreclosure sale or in connection with any Post-Foreclosure Sales efforts and/or the property is not marketed for a minimum of 15 days. Where the mortgagee is the successful bidder, the mortgagee may elect to either retain title to the property or convey title

to the property to HUD. In either case, the mortgagee must file its claim for benefits within 30 days after acquiring good, marketable title to the mortgaged property.

Transfer of Property and Conveyance of Title

- Mortgagees after the foreclosure and acquiring good marketable title and possession of the property must transfer/convey the property to HUD within 30 days or within such further time as may be necessary to complete the title examination and perfect the title (24 CFR § 203.359 and § 203.389). Title conveyed to HUD must be good and marketable, but may accept certain specific and common exceptions to the title as listed in the regulations. HUD offices may waive additional objections, based on local practice and the general marketability of title clouded by those objections.

Reconveyance of Title

If a mortgagee fails to comply with HUD's conveyance regulations, HUD may reconvey title to the mortgagee (24 CFR § 203.363). Under these conditions, HUD will cancel the claim for insurance benefits. HUD will require reimbursement for expenses incurred regarding acquisition, holding and reconveyance, less any income received from the property. The mortgagee may reapply for insurance benefits at a subsequent date; provided that the mortgagee may not be reimbursed for any expenses incurred in connection with the property after it has been reconveyed by HUD.

- Generally, the **property condition** will be undamaged by fire, earthquake, flood, hurricane, tornado or mortgagee neglect when a mortgagee conveys the title and property to HUD (24 CFR § 203.378 and § 203.379). Additionally, mortgagees are also responsible for loans in default and properties that are vacant or abandoned, when such damage or destruction is due to the mortgagee's failure to take reasonable action to inspect, protect and preserve the property.

For example, 24 CFR § 203.377 makes the mortgagee "responsible for a visual inspection of the security property to determine whether the property is vacant . . . and shall take reasonable action to protect and preserve such security property when it is determined to be vacant or abandoned. . ." The regulations at 24 CFR § 203.379 set forth the conditions for adjustment to insurance benefits in cases of **damages or neglect**. Subparagraph (c) of 203.379 regulations contains the information collection for which this collection is being submitted. Item 14B of the Form HUD-92900, which is covered by PRA 2502-0059, defines the limits of hazard insurance to be required by the lender as part of the mortgagor's payment.

In some cases, with HUD approval, damaged properties may be accepted. The mortgagee will provide a written request with full written description of the circumstances. The written description should contain the reason the mortgagee does not wish to make repairs, and an estimate by the mortgagee of the cost of repairs. The amount of the insurance recovery, if any should be noted. In the event HUD approves the acceptance of a property that has been damaged by fire, flood, earthquake, hurricane, tornado or the property has suffered damage because of the mortgagee's failure to take action, HUD will make an adjustment for damage or neglect to the mortgagee's claim for insurance benefits.

Mortgagees must have documentation in their files to support their certification that they are entitled to file a claim and to convey a fire-damaged property without penalty where fire insurance was not available. The only entity that would ever be responsible for this certification

would be a mortgagee that had a property that suffered fire damage prior to conveyance to HUD. If the situation surrounding the inability of the mortgagee to have the property fully insured met all the criteria in 24 CFR § 203.379 (a)(2), then the mortgagee's reduction for the damage would be limited to the amount of insurance. The mortgagee would certify pursuant to 24 CFR § 203.379(a)(2). This happens very rarely.

Property Inspection and Preservation

The mortgagee is responsible for the inspection and preservation of properties by taking reasonable actions to protect the value of the security until title can be conveyed to HUD (24 CFR § 203.377). Inspections are identified as initial, occupancy and vacant. The initial and vacant inspections are required by HUD regulations. The occupancy inspection is necessary to determine when foreclosure action must be initiated and when protection and preservation action must be taken, if the mortgagee cannot determine the occupancy status by telephone, letter, notice on doors or other means. The mortgagee is required to protect and preserve the property until its conveyance to HUD.

When a mortgage is in default, a payment is not received within 45 days of the due date, and efforts to reach the Mortgagor by telephone or other means within that period have proven unsuccessful, the Mortgagee must make an inspection of the property to determine occupancy status. Inspections must be performed 25-35 days following any prior inspection if the property is vacant, or 25-35 days following the last documented contact with the Mortgagor if the mortgage remains in default.

Form 9519-A, Property Inspection Report

- There are five types of property inspections: occupancy inspections, initial vacant property inspections, vacant property inspections, voluntary pre-conveyance inspections and eviction inspections. HUD form 9519-A, "Property Inspection Report" may be used to document and support each claimed inspection/ expense and such a report must be maintained in the Mortgagee's case file uploaded to P260 and must be provided to HUD or its Management and Marketing (M&M) contractor upon request.

Occupancy Inspections

- o The Mortgagee must make an occupancy inspection to determine if the property is vacant or abandoned when a mortgage is in default, a payment is not received within 45 calendar days of the due date, and efforts to reach the Mortgagor by telephone or correspondence within that period have proven unsuccessful. Some areas may require more frequent inspections. If the inspection determines that the property is occupied or is vacant but is obviously being maintained (e.g., doors and windows secured, lawn is cut, For Sale sign on the property, etc.), but the Mortgagor continues to be in default, the Mortgagee must attempt to make telephone or other contact with the Mortgagor or occupant each month. If the occupancy inspection establishes that the property is abandoned, the Mortgagee must initiate preservation and protection actions beginning with an initial inspection and securing.

Initial Vacant Property Inspections

- o An initial vacant property inspection, also called the "initial inspection", is performed on the date a Mortgagee first takes physical possession of a property by securing it. This should be as soon as reasonably practical, but no more than five calendar days following

the determination that the property is vacant and/or abandoned. If the occupancy inspection identifies an imminent source of property damage or a health and safety hazard (e.g., flowing water, collapsed roof, gas leak) the Mortgagee must take action to remediate the damage/hazard no later than 48 hours following discovery.

In some instances, the initial inspection will take place on the same date as the occupancy inspection. In these cases, the Mortgagee may only claim the cost of the initial inspection. The initial inspection report establishes the condition in which the Mortgagee first found the property, and may be of critical importance in distinguishing between Mortgagor and Mortgagee neglect, following conveyance.

Vacant Property Inspections

- Vacant property inspections are performed after the initial inspection and securing have occurred. The Mortgagee must inspect a vacant or abandoned property every 25-35 days following an initial inspection, or more frequently as prescribed in local variations to determine whether any subsequent preservation and protection action is necessary. Vacant property inspections must include both interior and exterior assessments of property condition.

Voluntary Pre-Conveyance Inspections

- HUD encourages, but does not require, Mortgagees or HUD's MCM contractor to conduct pre-conveyance inspections. Pre-conveyance inspections may significantly reduce post-conveyance disputes between Mortgagees and MCM contractor by allowing each party to agree that properties are in conveyance condition or identify additional requirements that must be met prior to conveyance. This is especially beneficial when properties will be conveyed damaged, as it will allow the Mortgagee to demonstrate that the damage is not surchargeable, thereby reducing the likelihood of demand letters, re-conveyance, or other sanctions.

Pre-conveyance inspections should be scheduled no earlier than five calendar days prior to the scheduled conveyance date. To encourage this practice, HUD will allow Mortgagees to claim the cost of one additional inspection, claimed at the rate of an occupancy inspection, provided the pre-conveyance inspection does not coincide with the regular inspection schedule.

Mortgagees should contact the MCM contractor directly for further information on procedures regarding voluntary pre-conveyance inspections in their contract areas. The MCM contractor, using HUD's inspection form, will perform voluntary pre-conveyance inspections.

Pre-Eviction Inspections

- Mortgagees are required to perform a pre-eviction inspection within 72 hours of a scheduled eviction, whenever there is any doubt that a property is vacant. The pre-eviction inspection will be reimbursable as a vacant property inspection. When an inspection is already scheduled for the same week as the eviction, the pre-eviction inspection is to be performed within 72 hours of the eviction date. Mortgagees are to confirm the scheduled eviction the day before or morning of the scheduled eviction to be

eligible to claim one hour of labor per person for a canceled or rescheduled eviction. Mortgagees should document in the claim review file, the name of the person or place called, the date and time of the call and results of the call.

Form HUD-50002, Request to Exceed Cost Limits for Preservation and Protection

- In most cases the mortgagees will not board up vacant properties but in a minority of cases there may be cause for preservation and protection of the property. Actions may be taken on a case-by-case basis after they are reviewed and approved by the local HUD office. HUD allows certain amounts for lenders to spend on the preservation and protection of mortgaged properties. If a specific service cannot be performed at the scheduled rate, the lender must request HUD permission to exceed that cost limit through the use of form HUD-50002, Request to Exceed Cost Limits for Preservation and Protection. 24 CFR § 203.402(g)(1) and (g)(2) requires prior HUD approval to exceed scheduled amounts. Collection of information and FHA documentation is retained for a period of three years and may be stored in paper or electronic media after final and supplemental payments.

The mortgagee must certify to HUD, on the date the deed is filed for record, that the **occupancy status of the property** is vacant and free of personal property unless HUD has agreed to accept title with the property occupied (24 CFR § 203.381). The mortgagee must notify the mortgagors or occupants at least 60 days, but not more than 90 days before the mortgagee reasonably expects to acquire title. If the occupant contacts HUD within 20 days of the date of the mortgagee's notice, requesting to remain in the property, HUD will notify the mortgagee. In the event HUD approves an occupied conveyance, the mortgagee must note the date of HUD's approval letter on its claim for benefits.

The mortgagee must request the **cancellation of the hazard insurance** as of the date the deed is filed for record (24 CFR § 203.382).

The mortgagee shall notify the Commissioner of HUD of the filing of such **property conveyance** and shall assign without recourse or warranty, any or all claims, which the mortgagee has acquired in connection with the mortgage loan foreclosure proceedings (24 CFR § 203.360).

The mortgagee will furnish HUD with **documents and information for a HUD claims review** that consists of a copy of the deed, fiscal data pertaining to the mortgage loan transaction and any additional information that HUD may require (24 CFR § 203.365).

The mortgagee must maintain a claim file containing the documentation supporting all information submitted to claim payment for at least 3 years after the claim has been paid. HUD may request the mortgagee provide a file of the claim within 24 hours.

- The mortgagee may foreclose and be required to pursue a **deficiency judgment** if required by HUD. Deficiency judgments are generally being pursued department-wide, except where state law makes them impossible or highly impracticable (24 CFR § 203.369 and § 203.402 (o)). The local HUD offices use internal data pertaining to defaults and foreclosure to identify mortgagors against whom deficiency judgments should be sought or the mortgagee can initiate the process by notifying the local HUD office. Deficiency judgments pursued by mortgagees must be assigned and transmitted to the local HUD office within 30 days of being obtained. HUD will utilize various methods to collect once the judgments have been assigned.

If the mortgagee **fails to comply with HUD regulations**, HUD may hold processing of the claim for insurance benefits in abeyance for a reasonable time in order to permit the mortgagee to comply.

HUD may re-convey title of the property to the mortgagee and cancel the application for insurance benefits without prejudice to the rights of the mortgagee to reapply for insurance benefits at a subsequent date (24 CFR § 203.363).

HUD may consent to a **withdraw of an application for insurance benefits**, if the mortgagee accepts re-conveyance of the property, promptly files a re-conveyance for record, accepts the title evidence it furnished to HUD and reimburses HUD for any expenses (24 CFR § 203.362 and § 203.364). The mortgagee will reimburse HUD for all expenses incurred in connection with the acquisition and reconveyance. The reimbursement will include interest on the amount of insurance benefits refunded by the mortgagee. The mortgagee will reimburse HUD for computed daily holding costs based on taxes maintenance operating expenses and administrative expenses.

Presidentially Declared Disaster Partial Claims

- HUD assists mortgagors affected by destruction caused during natural disasters in presidentially declared disaster areas. HUD working with mortgagees, states and other agencies or departments provides guidance and direction. For example, in 2006, HUD working with the state of Mississippi established an action plan for use of Federal Community Development Block Grant (CDBG) funds. In connection with its CDBG Homeowner Grant Assistance program mortgagors who suffered flood damage from Hurricane Katrina to a primary residence that was not located in a FEMA designated special flood hazard area as of August 29, 2005 may receive a one-time grant payment. In exchange for the grant payment, a qualifying mortgagor must agree to have certain covenants placed on the property and all existing lien holders must subordinate their liens to those covenants. HUD may hold a junior lien on an eligible property as security for a partial claim payment or Section 235 subsidy mortgage and have to subordinate the lien to the state required covenants in order for the mortgagor to receive state CDBG funds. The estimated partial claims for the CDBG grants were 25 properties that may have a HUD-held junior lien on them requiring subordination to the state required covenants.

Accelerated Claims (601)

- Title VI, Section 601 of the VA, HUD, and Independent Agencies Appropriations Act 1999 (the “Act”), passed in October 1998, reformed the single-family claims and property disposition process. The legislation enables HUD/FHA to: (i) pay claims upon assignment of mortgages rather than only upon conveyance of the properties; (ii) take assignment of notes and transfer them to private parties for servicing, foreclosure avoidance, foreclosure, property management and asset disposition; and (iii) participate as an equity partner with private entities in asset disposition. The Accelerated Claims Disposition (ACD), program enables mortgagees to sell defaulted loans to HUD avoiding the costly foreclosure process, thereby adding to the overall servicing value of FHA-insured loans.

The Act provides HUD/FHA with additional flexibility to choose the most cost-effective methods of paying insurance claims and disposing of acquired notes or properties under the FHA single-family programs. The ACD program allows for the sale to FHA of defaulted mortgage notes, with a high potential for foreclosure, resulting in payment of the full legal debt. The act authorizes FHA to take assignment of notes and transfer them to private parties for servicing, foreclosure avoidance, property management, and asset disposition. Section 601(d) amends Section 204(g) of the National Housing Act to allow a structured financing for asset disposition in which FHA retains an equity interest. This authority for FHA to be an equity participant in private entities, similar to the FHA multifamily disposition program, has the potential to increase the value of the assets and therefore the return to FHA. FHA has adopted a program that will take advantage of the authority granted in this legislation. The objective of the program is to maximize the sales proceed to FHA and ensure the FHA’s public policy issues are addressed while disposing of the assets in the most efficient manner.

The ACD program was established as a pilot program with five original mortgagees; currently the program does not have any defaulted FHA mortgage loans in the pipeline.

3. Mortgagees, consist of major industry mortgage loan lenders and servicers in addition to medium and smaller size mortgagees. 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.

As a result of technological advances as forms HUD-27011 and HUD-50002 are submitted electronically via FHA Connection or P260 with obsolete form HUD-91022 and paper form HUD-50012 no longer is use, this OMB collection results in a decrease that reduces the annual burden hours.

4. There is no duplication of information. Mortgagors 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. HUD will accept the various formats already in use by mortgagees including small businesses as long as the information is complete.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden. This PRA does not add to mortgagee reporting or record keeping burdens, as this information is already routinely maintained for internal and other purposes. The mortgage servicing industry has standardized at least 95% of the functions involved with servicing FHA-insured mortgage loans. The Department has worked in concert with the mortgage loan industry to establish regulations to benefit the mortgagor and our goals.

Monthly reporting of delinquencies and claims by mortgagees is required to evaluate the health of the mortgage lending industry, and whether the mortgagee has performed adequate and prudent mortgage loan servicing as compared to other firms in their peer group.

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.

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.

If the occupant desires to remain in occupancy, the occupant must complete form HUD-9539, and submit the form to HUD's mortgage compliance monitor (MCM) contractor within 20 days after the date of the mortgagee's notice. This information is necessary for HUD to determine if the occupant is financially able to pay the fair market rent; and/or whether a member of the immediate family residing in the residence suffers from a temporary, permanent, or long term illness or injury which would be aggravated by the process of moving from the property. HUD uses the information in making its determination as to whether to approve or disapprove the occupant's request for occupied conveyance. An occupant with an approved request must execute a month-to month lease and a copy of the lease is mailed along with the HUD-9539 form to HUD's MCM contractor. The information may also be used to collect past due rents* requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;

* HUD does not require respondents to submit more than an original and two copies of any document; requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years;

* No statistical methods are employed in the collection of information therefore in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study is not applicable;

* No statistical methods are employed in the collection of information therefore requiring the use of a statistical data classification that has not been reviewed and approved by OMB is not applicable;

* The information collections take into consideration the need to assure data confidentiality and provide adequate Privacy Act Notice statements where needed. And does not include 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

* This information collection does not require respondents to submit proprietary trade secrets, 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.

8. In accordance with 5CFR 1320.8(d), HUD published a notice soliciting public comments in the *Federal Register* on Tuesday, January 24, 2017 (Volume 82, Number 14, Page 8200). HUD received comments from the Mortgage Bankers Association in response to the notice and provided responses that describes HUD's actions in response to the comments.

9. This PRA and the collection of information does provide incentives to the mortgagee for various reinstatement options which includes; special forbearance of \$100, loan modification of \$750 and partial claim of \$500, pre-foreclosure sale of \$1,000 and deed-in-lieu of foreclosure \$250.

10. The information collections take into consideration the need to assure data confidentiality and provide adequate Privacy Act Notice statements where needed.

11. The information collection does not contain any questions of a sensitive nature.

12. Estimates of the hour burden and cost to respondents.

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
Claims and Conveyances							
Occupied Conveyance							
HUD-9539 "Request for Occupied Conveyance"	357	15.54	5,547.78	.25	1,386.95	\$20.00	27,739.00
Unoccupied Conveyance							
Mortgagees Request for Extension of Time Requirements	357	196.60	70,186.20	.25	17,546.55	\$20.00	\$350,931.00
HUD-27011 "Claim for Insurance Benefits"	357	234.64	83,766.48	1.33	111,409.42	\$20.00	\$2,228,188.40
Transfer of Property and Conveyance of Title	357	155.34	55,456.38	2.00	110,912.76	\$20.00	\$2,218,255.20
Conveyance of Damaged Property	357	5.86	2,092.02	2.00	4,184.04	\$20.00	\$83,680.80
Reconveyance of Title	357	2.56	913.92	2.00	1,827.84	\$20.00	\$36,556.80
Occupancy Status Certification	357	234.64	83,766.48	.50	41,883.24	\$20.00	\$837,664.80
Hazard Insurance Cancellation	357	234.64	83,766.48	.50	41,883.24	\$20.00	\$837,664.80
HUD Claims Review	357	155.34	55,456.38	1.00	55,456.38	\$20.00	\$1,109,127.60
Optional Deficiency Judgment	357	0.03	10.71	2.00	21.42	\$20.00	\$428.40
Mortgagee Notice of Foreclosure	357	234.64	83,766.48	1.00	83,766.48	\$20.00	\$1,675,329.60
HUD-50002 "Request to Exceed Cost Limits for Preservation and Protection"	357	855.32	305,349.24	.50	152,674.62	\$20.00	\$3,053,492.40
Claims Without Conveyance of Title							
CWOT Evaluation	357	79.30	28,310.10	1.00	28,310.10	\$20.00	\$566,202.00
HUD-91022 "Mortgagee Notice of Foreclosure"	357	79.30	28,310.10	1.00	28,310.10	\$20.00	\$566,202.00
Appraisal for HUD Approval	357	79.30	28,310.10	2.00	56,620.20	\$20.00	\$1,132,404.00
HUD-27011 "Claim for Insurance Benefits"	357	79.30	28,310.10	1.33	37,652.43	\$20.00	\$753,046.60
Property Inspection and Preservation							
HUD-9519-A "Property Inspection Report"	357	155.34	55,456.38	.50	27,728.19	\$20.00	\$554,563.00
Occupancy Inspections	357	155.34	55,456.38	1.00	55,456.38	\$20.00	\$1,109,127.60
Initial Vacant Property Inspections	357	155.34	55,456.38	1.00	55,456.38	\$20.00	\$1,109,127.60
Vacant Property Inspections	357	155.34	55,456.38	1.00	55,456.38	\$20.00	\$1,109,127.60

Voluntary Pre-Conveyance Inspections	357	1.40	499.80	1.00	499.80	\$20.00	\$9,996.00
Pre-Conveyance Inspections With M&M Involvement	357	1.40	499.80	.50	249.90	\$20.00	\$4,998.00
Pre-Eviction Inspections	357	2.80	999.60	1.00	999.60	\$20.00	\$19,992.00
Preservation and Protection	357	77.67	27,728.19	4.00	110,912.76	\$20.00	\$2,218,255.20
Presidentially Declared Disaster Partial Claims (PDPC)							
PDPC Evaluation	357	0.28	99.96	4.00	399.84	\$20.00	\$7,996.80
PDPC Subordinate Lien	357	0.28	99.96	2.00	199.92	\$20.00	\$3,998.40
HUD-27011 "Claim for Insurance Benefits"	357	0.28	99.96	.50	49.98	\$20.00	\$999.60
Accelerated Claims (AC)							
AC Evaluation	357	2.80	999.60	2.00	1,999.20	\$20.00	\$39,984.00
Note Assignment and Transfer	357	2.80	999.60	2.00	1,999.20	\$20.00	\$39,984.00
HUD-27011 "Claim for Insurance Benefits"	357	2.80	999.60	1.33	1,329.47	\$20.00	\$26,589.40
Totals	357		1,198,170.54		1,086,582.77		\$31,717,657.40

The hourly cost is based on estimated mortgagee staff salary of \$40,000 annually. This annually rate is based on a GS- 6 schedule.

13. No additional costs to the respondents.

14. Estimates of burden and annualized costs to the Federal Government.

Information Collection	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost	Annual Cost
Unoccupied Conveyance					
Conveyance of Damaged Property	5,546	1.00	5,546	\$38.20	\$211,857.20
HUD-50002 "Request to Exceed Cost Limits for Preservation and Protection"	2,773	.50	1,386.50	\$38.20	\$52,964.30
Mortgagee's Request for Extension of Time Requirements	2,773	.50	1,386.50	\$38.20	\$52,964.30
Claims Without Conveyance of Title					
Appraisal for HUD Approval	283	1.00	283	\$38.20	\$10,,810.60
Deed-in-Lieu of Foreclosure					
Non-Corporate Request for DIL	50	1.00	50	\$38.20	\$1,910.00
Corporate Request for DIL	50	1.00	50	\$38.20	\$1,910.00
Totals	11,475		8,702		\$332,416.40

The hourly cost is based on an estimated annual FY2017 salary for a federal employee who is typically a GS12.

15. This is a revision of a currently approved information collection. The HUD forms previously listed on this collection have been updated with new figures to represent the Department's current claims activity. The number of respondents has also increased in addition to existing respondents becoming more active. With this increases, this OMB collection results in a slight increase associated with

responses and annual costs. As a result of technological advances as forms HUD-27011 and HUD-50002 are submitted electronically via FHA Connection or P260 with obsolete form HUD-91022 and paper form HUD-50012 no longer is use, this OMB collection results in a decrease that reduces the annual burden hours.

Additionally, the information collections do not have substantive changes to the language contained in the form; however, a non-substantive edit is made to some of the forms to reflect a handbook reference change to HUD's new FHA Single Family Housing Policy Handbook (Handbook 4000.1).

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.