

Supporting Statement for Paperwork Reduction Act Submissions

FHA-Insured Mortgage Loan Servicing of Delinquent Default and Foreclosure with Servicemembers Act

OMB Control Number 2502-0584

HUD-2008-5-FHA, HUD-9539, HUD-92070, HUD 92068-A, HUD-50012

A. Justification

1. Section 203 of the National Housing Act (12 U.S.C. § 1709) authorizes the Secretary of Housing and Urban Development to insure financial institutions against losses when mortgagors default on single-family mortgages. The following activities and requirements for this Paperwork Reduction Act (PRA) are set forth in Title 24 of the Code of Federal Regulations (CFR) in numerous locations of the CFR, specifically 24 CFR §§ 203.25, 203.330 through 203.331, 203.345, 203.346, 203.350, 203.355, 203.356, 203.359 through 203.361, 203.365, 203.368, 203.369, 203.377, 203.402, 203.439, 203.466 through 203.467, 203.472, 203.501, 203.552, 203.556, 203.600 through 203.604, 203.606, 203.608 and 203.670 through 203.681.
2. This information request for OMB review involves mortgage loan servicers, “mortgagees” that service Federal Housing Administration (FHA) insured mortgage loans and the borrowers (Mortgagors) who are involved with the following activities. In servicing FHA-insured mortgage loans, Mortgagees must comply with the delinquency and default requirements under 24 CFR Part 203, the National Housing Act and among other requirements, the Servicemembers Civil Relief Act (SCRA). This information request includes their activities and an analysis. The respondents are mortgagees that service FHA-insured mortgage loans.

This is a revision of a currently approved collection. This comprehensive PRA involves all mortgage loan servicing activity of delinquent, defaulted, and foreclosed FHA-insured single-family mortgage loans. The current delinquency environment activity results in overall decreases associated with responses and annual burden hours. Form HUD-92068-A, *Monthly Delinquent Loan Report*, paper version of the form is obsolete and no longer needed because HUD requires Mortgagees to report the delinquency electronically to HUD via the Single Family Default Monitoring System (SFDMS). Form HUD-92070 is revised to reflect the current reference to the SCRA now found at 50 U.S.C. §§ 3901-4043. Form HUD-50012 is also used to collect information for the Home Equity Conversion Mortgage (HECM) Program and the HECM information collection is reported under existing OMB control 2502-0611. Minor changes are made to all other forms.

FHA must approve all mortgagees and they shall remain fully responsible to FHA for the proper servicing of FHA-insured mortgage loans. Mortgagees and servicers are the respondents in this PRA and are responsible for reporting to FHA. Regulations identify what FHA considers to be acceptable standards and prudent servicing when Mortgagees service FHA-insured mortgages. Mortgagees must develop and implement policies and practices consistent with those standards. The regulations listed below specifically address non-performing FHA mortgage loans and efforts to resolve their delinquency or default.

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 to FHA. FHA does not expect to see a delinquent mortgage foreclosed if there is a reasonable chance of saving the mortgage. Mortgagees will determine the most effective form of contact with specific Mortgagors during the various stages of delinquency. 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.

Delinquency and Default Requirements

To meet FHA’s default servicing requirements, Mortgagees must be proactive early in the delinquency (24 CFR § 203.600). The earlier the Mortgagee establishes contact with the Mortgagor, identifies the cause of default and begins to discuss loss mitigation options, the more likely it is that the default will be cured and the Mortgagor will retain homeownership. Efforts to assist the Mortgagor should begin as soon as the loan becomes delinquent. The table below identifies minimum requirements; however, HUD expects Mortgagees to determine the most effective form of contact with specific Mortgagors based on risk factors and the stage of delinquency.

Timing of Collection Activities

Timing of Mortgagee Collection Activities	
Day	Action
1	Payment due date; no action required until the Mortgage becomes Delinquent.
10	The Mortgage must begin attempts at telephone contact with Borrowers at risk of Early Payment Default or Re-Default in accordance with the Specialized Collection Techniques for Early Payment Default section of FHA Single Family Housing Policy Handbook 4000.1 (Handbook 4000.1).
17	The Mortgage must begin attempts at telephone contact with Borrower with a Delinquent Mortgage in accordance with the Telephone Contact Efforts section of Handbook 4000.1.
20	The Mortgage must begin mail or electronic communication collection attempts.
30	The Mortgage must report the delinquency to HUD via SFDMS.
32	The Mortgagee must send the following: <ul style="list-style-type: none"> • Notice of Homeownership Counseling Availability; • Servicemembers Civil Relief Act (SCRA) Disclosure (form HUD-92070) • Delinquency Notice Cover Letter; and • <i>Save Your Home Tips to Avoid Foreclosure</i>, pamphlet (form HUD -2008-5-FHA).
45	The Mortgagee should begin analysis to identify appropriate Loss Mitigation Options, if any. If unable to reach the Borrower (s), the Mortgagee must perform an Occupancy Inspection.
61	The Mortgagee must attempt a face-to-face interview with the Borrower no later than this date unless exempt under 24 CFR § 203.604.
90	The Mortgagee must report the appropriate Default Reason Code for the default in SFDMS. The Mortgagee must have evaluated all Loss Mitigation Options to determine whether any are appropriate. The Mortgagee must reevaluate for Loss Mitigation each month thereafter.

FHA-insured mortgage loan payments are to be made monthly by the Mortgagor to the Mortgagee on the first day of the month. The mortgage loan generally provides for the collection by the mortgagee of a **late charge**, not to exceed four percent of the amount of each payment more than 15 days in arrears, to cover additional servicing costs (24 CFR § 203.25). There is generally no direct response required by the Mortgagor unless the Mortgagor believes their mortgage loan payment should have been received before the date of the late charge notice, and they voluntarily contact the Mortgagee. HUD regulations do not specifically require notices but mortgagees as standard business practice mail significant numbers of late charge notices to Mortgagors who are late. Late charges are a standard practice within the mortgage industry on all FHA, VA and conventional loan's therefore HUD ascribes no burden hours.

The Mortgagee shall take prompt **mortgage loan collection** action to collect amounts due from mortgagors to minimize the number of accounts in a delinquent or default status (24 CFR § 203.600). The purpose of all collection efforts is to bring a delinquent mortgage current in as short a time as possible, to avoid foreclosures to the extent possible, and to minimize losses. HUD does not expect to see a delinquent mortgage foreclosed if there is a reasonable chance of saving the mortgage. The paragraph below summarizes mortgage loan collection activities for the initial 60 days.

The most effective collection tool is for Mortgagees to contact mortgagors as early as possible in the delinquency. Mortgagors are initially sent computer generated notices and letters after 15, 20, or 30 days and again around the first of each subsequent month citing the new amounts due and unpaid. Notices and letters are strengthened by telephone calls usually by the 17th day of delinquency. Successful telephone interviews will generally discuss the reason for the delinquency and the Mortgagee's ability to render payment, which may preclude the need for a face-to-face/personal interview. However, if telephone contact is not established then a property inspection combined with a face-to-face/personal interview will be necessary. Property inspections and face-to-face/personal interviews are conducted prior to the 62nd day of delinquency with similar information sought. This is an industry standard for collection activity on all delinquent mortgage loans, including FHA, VA, and conventional loans, therefore, HUD ascribes no burden hours.

The mortgage loan is delinquent any time a payment is due and not paid. If the Mortgagor fails to make any payment, or to perform any other obligation under the mortgage, and such failure continues for a period of 30 days, the mortgage shall be considered in default (24 CFR § 203.330 and § 203.467). The date of default occurs 30 days after the first uncorrected failure to perform any obligation under the mortgage; or the first failure to make a monthly payment which subsequent payments by the Mortgagor are insufficient to cover when applied to the overdue monthly payment in the order in which they become due (24 CFR § 203.331 and § 203.466). Although it is not specifically required in HUD regulations, Mortgagees normally send a payment due or **default notice** to all types of mortgage loans on the first day of the new month, if a monthly payment is not received. This is an industry standard for the collection activity on all delinquent mortgage loans, including FHA, VA and conventional loans; therefore, HUD ascribes no burden hours.

Mortgagees are required to report a **"Notice of Delinquency"** once each month on a day and in a manner prescribed by HUD on all FHA-insured mortgages which are 30 or more days delinquent and the status of all mortgages which were reported as 30 or more days delinquent

in the previous month (24 CFR § 203.330, § 203.331 and § 203.356). The Mortgagees will also notify the Department of Hawaiian Home Lands (24 CFR § 203.439(c)) once a month on a day prescribed by HUD of all mortgages insured under section 247 of the National Housing Act on leaseholds of Hawaiian homelands that are delinquent on the last day of the month. This notice would be in addition to the requirements found in 24 CFR § 203.330 and § 203.331.

All the above regulations require Mortgagees to begin delinquency reporting of all FHA-insured loans in which the monthly payment is due, but not paid by the last day of the month. Similar to delinquency reporting by mortgagees to Fannie Mae, Freddie Mac and the Mortgage Bankers Association, 30-day reporting has become the industry standard. FHA is now in a better position to integrate itself, should it choose to do so, into a single platform for industry-wide default data reporting. This information is submitted electronically by mortgagees and is used to report information into HUD's SFDMS, which provides reports that reflect default and foreclosure information. Form HUD-92068-A, *Monthly Delinquent Loan Report*, in the paper version is obsolete and no longer needed because the report data is entered electronically into SFDMS.

This type of delinquency reporting, as mentioned above, has become an industry standard. The burden for each respondent should be minimal as this information is largely automated on the Mortgagee's servicing systems and forwarded to HUD electronically by most Mortgagees via HUD's Electronic Data Interchange (EDI) and through the FHA Connection. The Mortgagee does little more than schedule an automated data submission and confirms that it was sent. For some smaller Mortgagees that are not EDI users, they may schedule an automated report and key the summary information into HUD's web application, the FHA Connection, to transmit the information to HUD. Even though this is an industry standard on all delinquent FHA, VA, and conventional mortgage loans, HUD ascribes burden hours due to the uniqueness of our program.

During the delinquency, the Mortgagee must provide the Mortgagor with notification of the availability of **homeownership counseling** offered by the Mortgagee and the availability of HUD-approved housing counseling agencies that serve the Mortgagors' area (Section 106 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. §1701x). All Mortgagees that service conventional mortgage loans and loans insured by the HUD are subject to homeownership counseling notification requirements. A Mortgagee must notify a Mortgagor, who fails to pay any amount due under a mortgage loan by the date the amount is due, of the availability of homeownership counseling. The notification must be made within 45 days from the date the payment was due, unless the Mortgagee pays the amount overdue before the expiration of the 45-day period.

The Mortgagee may use the model Notification to Homeowners of Availability of Housing Counseling Services or create their own, so long as the Notification:

- o informs the Mortgagor with a Delinquent Mortgage of the availability of housing counseling services provided by HUD-approved housing counseling agencies;
- o is provided in accessible formats or languages when such Mortgagor communications have been requested by persons with disabilities and persons with limited English proficiency;

- o provides instructions for locating a HUD-approved housing counseling agency in the Mortgagor’s area and includes the HUD toll-free telephone number (800) 569-4287, through which Mortgagors can obtain a list of housing counseling agencies;
- o provides instructions for persons with hearing or speech impairments to access HUD’s toll-free number via Text Telephone (TTY) by calling the Federal Information Relay Service at (800) 877-8339;
- o provides instructions for using the HOPE NOW toll-free telephone number (888) 995-HOPE (4673); and
- o describes housing counseling and the potential benefits of engaging in housing counseling.

If using the model Notification, the Mortgagee must not alter this Notification or use the HUD seal on any other document. This is an industry standard that has been mandated by the government on all delinquent conventional and FHA-insured mortgage loans, therefore HUD ascribes no burden hours.

Mortgagees are required to provide a delinquency notice **HUD -2008-5-FHA Save Your Home: Tips to Avoid Foreclosure** pamphlet to mortgagors in default, or, if the mortgagee wishes to use its own form, on a form approved by the Secretary, 24 CFR § 203.602. A cover letter and the pamphlet must be mailed to each Mortgagor whose mortgage is delinquent between the 32nd day, but no later than the 60th day of delinquency. Because of the Mortgagees mailing, the Mortgagor may or may not choose to respond; however, in the event of a Mortgagee response, the Mortgagor should look upon this notification as an opportunity to discuss the delinquency and default. This pamphlet is unique to HUD and we ascribe burden hours.

The Mortgagee must send the “Save Your Home: Tips to Avoid Foreclosure” brochure with a Delinquency Notice Cover Letter that includes:

- o highly visible information about any availability of language access services offered by the Mortgagee for Mortgagors with limited English proficiency (this information must be provided, at a minimum, in Spanish and must include an advisement to seek translation or other language assistance);
- o the following information related to the Mortgage:
 - o number of late payments;
 - o total amount of any Late Charges incurred;
 - o the month of each late payment; and
 - o the original due date of each late payment;
- o the Mortgagee’s mailing address and toll-free telephone numbers for Mortgagors needing to contact the Mortgagee’s assigned loss mitigation and/or customer assistance personnel;
- o a request for current Mortgagor financial information necessary for Loss Mitigation analysis;
- o toll-free telephone numbers for Mortgagors needing to contact the Mortgagee’s loss mitigation and/or customer assistance personnel; and the toll-free telephone number for Mortgagors seeking information on HUD-approved housing counseling agencies, (800) 569-4287, along with the toll-free Federal Information Relay Service number of (800) 877-8339 for Mortgagors who may need a Telecommunication Device for the Deaf (TDD) to call the housing counseling line.

The brochure (form HUD-2008-5-FHA) is available in English, Spanish, Chinese, and Vietnamese. Mortgagees may either obtain the brochure by accessing HUD's Direct Distribution Center or reproduce electronic versions of the brochure at their own expense. The Mortgagee may not change the contents of the brochure in any way.

Property 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 or other means. All inspections must be performed in accordance with HUD requirements and will be reimbursable when performed as provided in the following paragraphs. The Mortgagee is responsible for taking reasonable actions to protect the value of the security until title can be conveyed to HUD (24 CFR § 203.377). This is an industry standard for property inspections on all delinquent mortgage loans including FHA, VA and conventional loans; therefore, HUD ascribes no burden hours.

Initial inspections are required when the mortgage is in default and a payment is not received within 45 days of the due date and efforts to reach the mortgagor or occupant at least by telephone have been unsuccessful. The mortgagee must perform a visual inspection of the mortgaged property to determine if it has become vacant or abandoned recognizing the following criteria:

- During any continuing delinquency, reimbursement will be made for only one initial inspection. If the Mortgagor reinstates and later becomes delinquent, an initial inspection may again become necessary and therefore may be also reimbursable as such.
- The need to perform a visual inspection is immediate and must not be delayed. The prompt identification of mortgaged properties that are vacant or abandoned is of mutual benefit to both Mortgagees and HUD.
- The date of the initial inspection requirement is met when the inspection is performed, not when ordered.
- Prudent servicing dictates that the Mortgagee takes into consideration the servicing history and prior payment habits of the Mortgagor when determining when this inspection should be performed.
- Mortgagees may continue to attempt to contact the Mortgagor by telephone until the 45th day (while waiting to see if the Mortgagor remits his payment) before performing a visual inspection.
- HUD will consider a visual inspection performed no later than the 60th day of delinquency to meet this requirement.
- However, where there is a greater risk of vacancy or abandonment, such as for first or second payment defaults, the inspection should not be delayed and optimally should be performed within 45 days from the payment due date.
- Mortgagees must accomplish the ordering and scheduling of inspections in a manner that ensures the inspection, will be accomplished per HUD requirements.
- If the Mortgagee failed to inspect the property as required, and the property is later found to be vacant and vandalized, the Department will take the position that the damage resulted from the Mortgagee's failure to preserve and protect the property. The damage must be repaired before conveyance of the property or assignment of the mortgage. With approval of the Secretary, there will be a deducted from the insurance benefits the

Secretary's estimate of the cost of repairing the damage or any insurance recovery received by the mortgagee, whichever is greater. The Mortgagee may avoid the reduction in the claim if the Mortgagee can produce evidence that the damage occurred prior to the date the property became vacant 24 CFR 203.379.

Occupancy inspections are an additional servicing tool available to a Mortgagee to determine whether a property subject to a mortgage in default has become vacant or abandoned recognizing the following criteria:

- If the mortgage remains in default after the initial inspection and the Mortgagee is unable to determine the occupancy status by telephone, a correspondence on inspection and adequate follow-up must be made within 30 days of the last inspection or follow-up.
- When the conditions necessitating the occupancy inspection continue and within the previous 30 days there have been no payments, no contact with the defaulting Mortgagor and increased probability of potential abandonment, the Mortgagee should consider having a visual inspection performed within thirty days from the date of the last visual inspection.
- In performing the occupancy inspection, the Mortgagee should require the inspector to establish if the mortgaged property remains occupied and should also require the inspector to attempt to confirm the identity of any occupants.
- Prior to having an occupancy inspection performed, the Mortgagee must perform at least one valid follow-up to determine whether the property remains occupied. This follow-up must be documented whether it was by letter, telephone, or means other than an on-site inspection.
- During bankruptcy actions, an inspection should not be necessary if the Mortgagor is making his payments in accordance with the bankruptcy plan. Usually bankruptcy plans separate pre-petition and post-petition payments, requiring the Mortgagor to submit his regular payment directly to the Mortgagee and pass part of his payment (for payment to his current arrearage) through the bankruptcy court. If regular payments are remitted, an inspection should not be required. When payments are not being made as scheduled, either the bankruptcy trustee or the filing attorney should be contacted for information concerning the status of the Mortgagor.
- Mortgagees may communicate with the HUD Office and/or counseling agency to determine the Mortgagor's status while a case is being processed for assignment. For this reason, there should be few cases where an occupancy inspection is warranted and reimbursable while the assignment is being reviewed.
- Inspections are not the only mechanism by which a Mortgagee may establish occupancy of a delinquent Mortgagor. During the duration of any continuing delinquency, Mortgagees must continue to prudently service the mortgage including regular attempts to contact the delinquent Mortgagor by telephone and by written correspondence. No delinquency should be allowed to continue indefinitely without some type of contact with the Mortgagor.

Mortgagees shall inspect the mortgaged property every 25 to 35 days where the mortgage is in default and the mortgagee has established that the mortgaged property is vacant. This is a clarification of the Department's regulatory requirement to inspect vacant properties at least monthly.

HUD will reimburse Mortgagees for occupancy inspections, which were performed in accordance with our requirements and are adequately documented, including the valid follow-up attempts to confirm occupancy. Please note that required inspections should be performed every thirty days. If the delinquency is cured, the cost of the inspections may be collected from the Mortgagor if the inspection was required, performed and properly documented. The loan must have been reinstated or paid in full. No inspection costs may be recovered from a Mortgagor if the delinquency is continuing. The cost of each inspection must be reasonable and within the cost limitation established by the appropriate HOC Office.

The Mortgagee must make a reasonable effort to conduct a **face-to-face interview** with the Mortgagor, if the Mortgagor lives within 200 miles of the Mortgagee's servicing office or make a reasonable effort to arrange such a meeting, before three full monthly payments are due and unpaid on the mortgage loan (24 CFR § 203.604). A personal interview with the Mortgagor should:

- o Determine the cause of the default;
- o Provide financial information;
- o Establish a repayment schedule; and
- o Prevent foreclosure by influencing the payment habits of Mortgagors.

For mortgages insured on Hawaiian home land pursuant to section 247, or Indian land pursuant to section 248, or if an assignment is requested under 24 CFR § 203.350(d) or mortgages authorized by section 203(q) of the National Housing Act, in the event a default occurs in a repayment plan arranged other than during a personal interview, the Mortgagee must have a face-to-face meeting with the Mortgagor, or make a reasonable attempt to arrange such a meeting within 30 days after the default and at least 30 days before foreclosure is commenced, or at least 30 days before assignment is requested. HUD ascribes burden hours for these specific federal regulations.

For all inspections, Mortgagees shall be required to document the general condition of the property as well as any actions, which would be required to adequately protect and preserve the property. Most of the inspection forms currently used by the industry (i.e., FNMA's inspection form) meet or exceed HUD's requirements. HUD does not require Mortgagees to purchase or use a specific form. At a minimum, the following items must be documented on each inspection report and judgment should be used in each individual case to determine which specific information to record for these inspections:

- o Date of the inspection.
- o Identity of the inspector.
- o Is the property occupied?
- o Is the house locked?
- o Is the grass mowed and/or shrubs trimmed?
- o Is there any apparent damage?
- o Is any exterior glass broken?
- o Are there any apparent roof leaks?
- o Does the house contain personal property and/or debris?
- o Are any doors or windows boarded?
- o Is the house winterized?

- o Are there any repairs necessary to adequately preserve and protect the property?

The Mortgagee must maintain proper documentation of the performance inspections and follow-up activities. HUD defines proper documentation, for the purposes of reimbursement, as copies of all completed inspection forms and accompanying follow-up documentation for occupancy inspections, which shall be available for verification and maintained in each claim review file for which reimbursement is being sought.

The Mortgagee is responsible for the inspection, **preservation** and protection **of the property** (24 CFR § 203.377). The property shall be inspected when a mortgage loan is in default and payments have not been received within 45 days of the due date, and efforts to reach the Mortgagor by telephone within that period have been unsuccessful. The Mortgagee shall be responsible for a visual inspection of the security property to determine whether the property is vacant and abandoned. If the property is abandoned, the Mortgagee must conduct an initial internal and external inspection to determine the property's condition and must continue to inspect the interior and the exterior of the property monthly, until payoff, conveyance to HUD or until the property no longer is abandoned. Additionally, the Mortgagee may be required to conduct a pre-eviction inspection one day prior to a scheduled eviction action to determine if a property is still occupied and the eviction is required. This is an industry standard on all delinquent conventional, VA and FHA-insured mortgage loans, therefore HUD ascribes no burden hours.

In the event the property is abandoned, the Mortgagee must take all reasonable action to preserve and protect the property from further damage by elements or vandalism including securing or boarding doors and windows, protecting interior systems from damage through winterization or other means, abating any hazardous conditions that exist and maintaining the exterior landscaping in accordance with community standards. The responsibility to preserve and protect the property ("P&P") shall continue until payoff, conveyance to HUD or until the property is no longer considered to be abandoned. In completing these P&P responsibilities the Mortgagee may be required to communicate in writing with HUD staff or designated contractors to request permission to exceed published reimbursement costs for P&P actions. Even though this is an industry standard on all delinquent conventional, VA and FHA-insured mortgage loans, HUD, ascribes burden hours due to the uniqueness of our program.

The mortgagee must **advance funds** to ensure timely payment of real property taxes, assessments, homeowner's association charges and fees, ground rents and other expenses that might constitute a lien on the property even if there are insufficient funds in the Mortgagor's escrow account to pay these fees. Following foreclosure, Mortgagees may include these expenses on the claim for insurance benefits. This is a generally accepted practice in the industry and HUD ascribes no burden hours.

A **partial payment** is any amount less than the full amount due under the mortgage at the time the payment is made including late charges and amounts advanced by the Mortgagee on behalf of the Mortgagor (24 CFR § 203.556). The Mortgagee shall accept any partial payment and apply it to the mortgage loan or identify it with the mortgage loan number and hold the payment in a trust account, pending disposition. Full monthly payments shall be applied to the mortgage loan, advancing the date of the oldest unpaid month, once accumulated funds equal a full monthly mortgage loan payment.

The Mortgagee may return a partial payment when the mortgage loan is not in default, along with a letter of explanation. If the mortgage loan is in default, the Mortgagee may also return a partial payment with a letter of explanation if:

- o The payment represents less than half of the full amount due;
- o The payment is less than the amount agreed to in an oral or written forbearance plan;
- o The property is occupied by a rent-paying tenant and the rents are being applied to the mortgage payments;
- o Foreclosure has commenced;
- o 14 days or more elapsed since the Mortgagee mailed the mortgagor a statement requesting the full amount due, including late charges. This statement advises the mortgagor that it intends to refuse acceptance of future partial payments, and one of these conditions has occurred:
 - o Four or more monthly payments are due and unpaid;
 - o A delinquency of any amount has continued for at least six months since the account first became delinquent.

HUD regulations for the acceptance of partial payments are intended to provide Mortgagors with an opportunity to assist owner-occupants who have temporary problems in making their mortgage loan payments. Partial payments may be returned to Mortgagors who have demonstrated a general disregard for their mortgage obligations with delinquencies of 6 months on at least two consecutive occasions, reinstated, then revert to a delinquent status continuing for 6 additional months. Likewise, Mortgagees may also return partial payments in situations where speculators of various types, attempt to take advantage of HUD requirements by collecting rental income from the tenants and not making mortgage loan payments. Such situations are known as “equity skimming” and the Mortgagee should return any partial payment under such cases and fully document the mortgage loan file. Due to the uniqueness of the program, HUD ascribes burden hours.

The Mortgagee shall permit reinstatement of a mortgage loan at any time, (even after foreclosure), if the mortgagor tenders all amounts required to bring the account current to include all monthly payments due, escrow funds advanced by the Mortgagee, foreclosure costs, attorney fees, and expenses properly associated with the foreclosure action. However, the Mortgagee may refuse reinstatement if the Mortgagee had accepted a prior reinstatement within the past two years or the reinstatement will adversely affect the priority of the mortgage loan lien (24 CFR § 203.608).

No attorney fees may be charged for the services of the Mortgagee staff attorney or for the services of an attorney performing collection activities on behalf of the Mortgagee. Attorney and trustee fees that may be passed on to the Mortgagor or claimed for reimbursement include expenses incurred as the result of foreclosure initiation or bankruptcy actions on a delinquent account (24 CFR § 203.552(a)(9)).

The Mortgagee, before initiating foreclosure, must ensure in its **pre-foreclosure review** that all servicing requirements have been met and steps have been taken to save the mortgage prior to deciding to foreclose (24 CFR § 203.606). Each delinquent mortgage loan must be reviewed by management of the Mortgagee for the possibility of a type of forbearance or deed-in-lieu, and foreclosure recommendations must be fully documented in the servicing files. A form or checklist must be developed by Mortgagee to document that appropriate

mortgagee staff has reviewed the loan for foreclosure and the decision to foreclose must be signed by a supervisor higher than the person submitting the mortgage for foreclosure.

The Mortgagee must ensure that the account has been accurately reported to the national credit information repositories in accordance with Federal National Mortgage Association (FNMA) guidelines and must ensure that the account has been accurately reported to the Single-Family Default Monitoring System (“SFDMS”). HUD requires that all former Mortgagors, co-Mortgagors and/or co-signers be advised of the default to avoid foreclosure. If the Mortgagee discovers from its management review that actions have been omitted, the supervisor must refer the case back to its servicing personnel for additional servicing.

When possible, the Mortgagor should be given an opportunity to sell the property and should be given a reasonable time to complete the sale. Foreclosure should not be started if it appears that a sale is probable. The Mortgagee should accept payments tendered by the mortgagor while the property is for sale and before foreclosure is started.

If the **Mortgagor** offers complete **reinstatement**, including costs incurred by the Mortgagee in instituting foreclosure, the reinstatement must be permitted, except that under the following circumstances Mortgagees may decline to allow reinstatement (24 CFR § 203.608):

- o Within the two years immediately preceding the commencement of the present foreclosure action the account has been reinstated from foreclosure;
- o Reinstatement would preclude foreclosure after a later default; or
- o Reinstatement would adversely affect the priority of the lien.

There are both minimum and maximum time periods governing the beginning of foreclosure. A failure to begin foreclosure within the maximum permissible time (six months) will result in curtailment of debenture interest in any subsequent claim for mortgage insurance benefits. To begin foreclosure before waiting the minimum times (two months) required may result in the imposition of administrative sanctions by HUD.

In summary, the Mortgagee must take one of the following actions within six months from the date of default, or within any additional time approved by HUD as referenced in acquisition of property (24 CFR § 203.355):

- o Obtain a deed-in-lieu of foreclosure, with the title in the name of the Mortgagee or HUD, in lieu of instituting or completing a foreclosure. HUD expects Mortgagees to take a deed-in-lieu of foreclosure where appropriate to minimize HUD’s losses, especially where the foreclosure process is time-consuming, expensive, or where there is an extensive redemption period. The Mortgagee may acquire property from the mortgagor who certifies that they do not own any other property subject to a mortgage insured or held by FHA.
- o Commence foreclosure by instituting legal proceedings to acquire possession of and marketable title for future conveyance to HUD.
- o The Mortgagee may enter a written special forbearance with the suspension or reduction of payments for a period up to 18 months. In some circumstances mortgagees, may request HUD approval for a special forbearance, if the period is over 18 months or the Mortgagor owns other property subject to a FHA-insured mortgage.

- o The Mortgagee may complete a modification for changing the amortization provisions by recasting the total unpaid amount due for a term not to exceed 360 months. The Mortgagee must notify HUD of the modification within 30 days of the execution of the agreement.
- o The Mortgagee may complete a refinance of the Mortgagor's mortgage loan through new financing subject to FHA standards or alternative financing.
- o A Mortgagee shall consider an assumption with no imposition or agreement to enforce legal restrictions upon conveyance. The new Mortgagor will be reviewed by the Mortgagee for credit worthiness and qualified for the assumption of the mortgage loan. Upon the settlement of the assumption, all delinquent and defaulted payments will be paid and the original Mortgagor will be released from personal liability.

HUD is committed to working with mortgagees to help borrowers affected by various natural or financial disasters to retain homeownership whenever possible. **Special temporary authority and special loss mitigation** may be used in presidentially-declared disaster assistance for approved impacted areas or as an overall financial stimulus. Special authority can be granted for the expanded use of partial claims, loan modifications and foreclosure forbearance in cases where borrowers are committed to continued occupancy of their property.

To qualify for any special and temporary considerations, some of the following criteria may apply:

- o The Mortgagor's property must be located in the designated area;
- o The Mortgagee will send to the Mortgagor letters or notices specific to the designated subject;
- o Mortgagees must normally obtain financial or other information and documentation necessary to assess the Mortgagor's inability to continue to support the mortgage debt;
- o The Mortgagee completes a loss mitigation evaluation and reports the information to the Mortgagor;
- o The Mortgagor must make a commitment to work with his or her Mortgagee to develop and implement a plan;
- o The Mortgagee and Mortgagor must agree upon the final disposition of the property, i.e. preforeclosure sale, deed in lieu of foreclosure or foreclosure, occupied conveyance, conveyance condition, demolition, etc.;
- o Claim filing may require specific instructions for property damage, insurance coverage, borrower consideration or other various claimable expenses;
- o The Mortgagee clearly documents the servicing file.

Foreclosure Requirements

When a defaulting Mortgagor cannot or will not resume, and complete the mortgage payments, the Mortgagee must take steps to acquire the property or see that it is acquired by a third party. Before starting **foreclosure**, the Mortgagee must review its servicing record to be certain that servicing has been prudent and adequate. When foreclosure is appropriate, Mortgagees must process foreclosure in a timely manner.

Foreclosure should be considered only as a last resort and shall not be initiated until all other relief options have been exhausted. When foreclosure cannot be avoided, it must be started quickly and prosecuted vigorously to minimize losses to both the Mortgagee and HUD. In

Power of Sale states, judicial foreclosure should be avoided where possible, but it may be necessary to pursue a judicial foreclosure where a deficiency judgment is to be sought. The Mortgagee is responsible for complying with local laws governing foreclosure and for conveying good marketable title to HUD.

Mortgagees must meet HUD's foreclosure timeframes or they may lose a significant amount of money because of debenture interest curtailments on the Claim for Insurance Benefits. Mortgagees must initiate action to acquire the property within nine months from the date of default or within 120 days after the date the property became vacant (24 CFR § 203.355).

If the mortgage is in default and the property has been determined to be vacant or abandoned, foreclosure must be initiated (or a Deed-in-Lieu of foreclosure recorded) within nine months after the date of default or within the later of 120 days after the date the property became vacant, or 60 days after the date the property is discovered vacant, or should have been discovered to be vacant. The initiation of foreclosure for HUD's purposes is defined as the first public action required by law, such as filing a complaint or petition, recording a notice of sale or publication.

HUD ascribes burden hours due to differences with the rest of the industry even though the act of foreclosure is the same whether the mortgage loan is a FHA, VA, or conventional.

The time limits specified below may be extended automatically, without specific HUD approval:

- If there is a special forbearance agreement extending beyond nine months from the date of default, foreclosure must be started within 90 days after the due date of the oldest unpaid installment under the agreement, unless law prohibits this.
- Where state or local law prevents starting foreclosure within these limits, it must be started within 60 days after it becomes possible to do so.
- In the case of bankruptcies, this period begins when the court lifts the stay or otherwise makes it possible to foreclose, not when the mortgagee learns of the court's action. The NSC may extend the time, but only if the extension is requested before the original time limit expires.
- The time is also extended if the mortgagor is a person in military service, as defined by the Service-members Civil Relief Act, by the period of military service plus three months, regardless of whether the mortgagor has applied to the courts for a stay of foreclosure.

Mortgagees are expected to exercise reasonable diligence in prosecuting foreclosure to completion as required in HUD regulations 24 CFR § 203.356 and must provide written notice within 30 days of the institution of foreclosure. This requirement is considered met when mortgagees properly report delinquent cases on the monthly SFDMS default report.

Mortgagees must **convey the property** to the Secretary within 30 calendar days after acquiring possession of and good marketable title to the property (24 CFR § 203.359). For mortgages insured under a firm commitment issued on or after November 19, 1992, or under Direct Endorsement processing when the credit worksheet was signed by the mortgagee's approved underwriter on or after November 19, 1992, Mortgagees must convey the property to the Secretary within 30 days of the later of:

- o Filing for record the foreclosure deed;
- o Recording date of a deed-in-lieu of foreclosure;
- o Acquiring possession of the property;
- o Expiration of the redemption period; or
- o Such further time as HUD may approve in writing.

In cases where the Mortgagee arranges for a direct conveyance of the property to the Secretary, the property must be conveyed to the Secretary within 30 days of the reasonable diligence timeframe.

The Mortgagee will notify the Commissioner on Form HUD-27011, *Claim for Insurance Benefits*, burden reporting approved by OMB number 2502-0429, on the date the deed to the Secretary is filed for record and the Claim is submitted to HUD via EDI transmission or through submission in FHA Connection. This time frame is important because the Homeownership center (HOC) is not aware that a property has been conveyed to the Secretary until the claim has been paid and the property acquired by HUD in P260 system (24 CFR §§ 203.360 and 203.361).

The mortgagee will upload the title evidence in the P260 system reflecting ownership vested in the name of the Secretary (24 CFR § 203.365) as soon as possible, but within 45 days after the date the deed is filed for record. HUD allows mortgagees 45 days plus a 10-day mailing time for the P260 system to receive title evidence.

The mortgagees will file their Part B of claim Form HUD-27011 within 15 days from the date of the title approval letter and a copy of Part B with the originals of Parts C, D, and E must be uploaded to P260 (24 CFR § 203.365).

HUD may, upon such terms and conditions as prescribed, approve the request of the mortgagee for an **extension of time** for curing the default and time for commencing foreclosure proceeding or for acquiring title to the mortgaged property. Form HUD-50012, *Mortgagee's Request for Extensions of Time*, burden reporting approved by OMB number 2502-0611, is a replacement for individual letters previously required by HUD, and is used by the Department to evaluate a request for extension of regulatory time limits within which specific foreclosure processing steps must be taken and to respond to the request. The request for an extension of time must be filed with HUD prior to the expiration of any time frame. Mortgagees maintain copies of the HUD approval with related claim documents to document that HUD has authorized an extension of time for specific cases. The time extension request must be submitted on Form HUD-50012. HUD will not accept verbal requests under any circumstances. The following conditions apply:

- o The time extension requests must be received prior to the deadline.
- o All extension requests must be directed to the NSC.
- o Adequate justification must be provided for the request for an extension of the time requirement. Mortgagees must clearly define the circumstances and reason(s) for the request. Vague or unclear requests will be denied.
- o A copy of the NSC's written response must be maintained in the mortgagee's claim review file.

The following are considered as separate actions and are not considered as requests for extensions of time:

- Requests to take specific protection and preservation actions (such as boarding),
- Requests to exceed preservation and protection cost limits, or
- Requests to convey damaged property.

HUD's approval of any of the above actions does not extend the time to convey title, and any requests for extensions of time must be submitted and approved separately. Mortgagees are prohibited from setting time limits for HUD to respond or interpreting such limits as an automatic extension approval.

A Mortgagee's authority for obtaining information is provided in a regulation governing occupied conveyance found at 24 CFR § 203.670 through § 203.681, stating 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 property of its potential acquisition by HUD. In its first notice to the occupant, the mortgagee includes Form HUD-9539, *Request for Occupied Conveyance*, burden reporting approved by OMB number 2502-0429. If the occupant desires to remain in occupancy, the occupant must complete the subject form, HUD-9539, and submit the form to the local HUD office within 20 days after the date of the mortgagee's notice. The Department uses the information in making its determination as to whether to approve or disapprove the occupant's request for occupied conveyance.

Deficiency Judgments pursue collection from debtors associated with a foreclosed mortgage when property is sold at the foreclosure sale for less than the unpaid balance of the debt secured after disposition of sale proceeds, in accordance with (24 CFR §§ 203.369 and 203.402(o)). Pursuing Deficiency Judgments deters abuse of HUD programs and allows collection of revenue to offset losses to HUD insurance fund.

For mortgages insured pursuant to firm commitments issued on or after March 28, 1988, or pursuant to direct endorsement processing when the mortgagee's underwriter signed the credit worksheet on or after March 28, 1988, the Secretary may require the mortgagee to pursue a Deficiency Judgment in connection with the foreclosures. When the Secretary requires the pursuit of a Deficiency Judgment and provides the Mortgagee with the HUD estimate of the fair market value of the property, less adjustments, the Mortgagee must tender a bid at the foreclosure sale in that amount, and take appropriate steps in accordance with state law to obtain a Deficiency Judgment (24 CFR § 203.369(a)(2)).

For mortgages insured pursuant to firm commitments issued before March 28, 1988, or pursuant to direct endorsement processing when the mortgagee's underwriter signed the credit worksheet before March 28, 1988, the Secretary may require that the mortgagee pursue a Deficiency Judgment in connection with the foreclosures.

Mortgagees can initiate the process by notifying the NSC that a Mortgagor meets the criteria for a Deficiency Judgment and must use the Claims Without Conveyance of Title (CWCOT) procedure. Deficiency Judgments pursued by Mortgagees must be assigned to HUD if the Mortgagee files a claim for mortgage insurance benefits and must be transmitted to NSC within 30 days of being obtained. Before a judgment is formally obtained, a Mortgagor or

legal representative may approach the NSC to discuss settlement of a potential Deficiency Judgment. A Mortgagor may benefit from settlement of a potential Deficiency Judgment by compromising the amount paid to HUD, and preventing the judgment from affecting the Mortgagor's credit record.

Servicemembers Civil Relief Act

Section 688 of the National Defense Authorization Act for fiscal year 2006 (Public Law 109-163, enacted January 06, 2006) amended the required content of notifications of homeownership counseling availability under section 106(c)(5)(A)(ii) of the Housing and Urban Development Act (12 U.S.C. § 1701x(c)(5)(A)(ii)). The amendment added a new sub-clause (IV) that requires that a statement or notice be sent to homeowners in default explaining the mortgage and foreclosure rights of servicemembers and their dependents under the Service-members Civil Relief Act (50 U.S.C. App. 501 et seq.), including the toll-free military one source number to call if service-members, or their dependents require further assistance. This notification must be made within 45 days from the date the missed payment was due unless the homeowner pays the overdue amount before the expiration of the 45-day period. All conventional mortgage loans and loans insured by HUD are subject to the new notification requirement.

The statutory amendment directed HUD to develop the form of the new required creditor notice of servicemember mortgage and foreclosure rights under the Service-members Civil Relief Act in consultation with the Departments of Defense and the Treasury. The developed disclosure is **form HUD-92070, *Service-members Civil Relief Act Notice Disclosure***. Mortgagees and their servicers may use this general form for required notices on all conventional and government insured home loans.

The Servicemembers Civil Relief Act (“SCRA”), as amended by Public Law 108-189, 117 STAT. 2835, (50 U.S.C. App. §§ 501-597b) provides certain legal protections and debt relief to service-members on “active duty” or “active service” as defined in the Act and to their dependents. The location of the SCRA within the United States Code changed. Previously found at 50 U.S.C. App. §§ 501-597b, there was an editorial reclassification of the SCRA by the Office of the Law Revision Counsel of the United States House of Representatives that became effective on December 1, 2015. The SCRA is now found at 50 U.S.C. §§ 3901-4043. Form HUD-92070 is revised to reflect this update.

The SCRA states that, a debt incurred by a service-member, or spouse jointly, prior to entering military service shall not bear interest at a rate above 6 percent during the period of military service. The SCRA also states that, in a legal action to enforce a debt against real estate that is filed during, or within 90 days after the service-member’s military service, a court may stop the proceedings for a period, or adjust the debt. In addition, the sale, foreclosure, or seizure of real estate shall not be valid if it occurs during, or within 90 days after the service-member’s military service unless the creditor has obtained a court order approving the sale, foreclosure, or seizure of the real estate.

The SCRA speaks directly to creditors and service-members and no federal implementing regulations have been published. However, HUD has issued instructions to Mortgagees regarding the application of the SCRA to FHA-insured loans and has promulgated regulations containing additional special relief provisions for service-members. Those measures are discussed below.

A reduction of monthly payments on FHA-Insured loans, pursuant to the SCRA, interest must be reduced to 6 percent on an FHA-insured loan, the Mortgagee must notify the service-member or representative of the adjusted amount due, provide adjusted coupons or billings, and ensure that the reduced payments are not returned as insufficient. Mortgagees may calculate interest due for the period of active duty on a per diem basis, or permit the lower interest rate for the entire first and last month of military service.

If the Mortgagee was not notified that the Mortgagor is on active military duty, but receives a reduced payment that approximates an interest reduction to 6 percent, Mortgagees are directed to try to contact the Mortgagor or a representative to determine whether the Mortgagor is on active duty. If an appropriate explanation is not provided, the Mortgagee may return the insufficient payment in accordance with 24 CFR § 203.556.

Under 24 CFR §§ 203.345 and 203.472, the Mortgagee shall **postpone principal payments**. By written agreement with the Mortgagor, for the period of military service and for three months thereafter, the mortgagee may postpone any part of the monthly mortgage payment, which represents amortization of principal. The regulation requires that the agreement contain a provision for the resumption of monthly payments after such period in amounts that will completely amortize the mortgage debt within the maturity as provided in the original mortgage. This agreement shall in no way affect the amount of the annual Mortgage Insurance Premium (“MIP”) that will continue to be calculated in accordance with the original amortization provisions of the mortgage.

Under 24 CFR § 203.346, the Mortgagee shall postpone a foreclosure during the period the Mortgagor is in military service. This duration of time shall be excluded in computing the period during which the Mortgagee shall commence foreclosure or acquire the property by other means. Further, postponement or delay in prosecuting foreclosure proceedings during the period the Mortgagor is in military service shall not be construed as a failure of the Mortgagee to exercise reasonable diligence. In addition, HUD has authorized Mortgagees to voluntarily withhold foreclosure with or without applying partial payments that advance the date of default.

HUD has notified Mortgagees that they must also consider all FHA **loss mitigation** options under 24 CFR § 203.501 for active duty military persons. Those options include special forbearance, loan modification, partial claim, pre-foreclosure sale and deed-in-lieu of foreclosure.

50 U.S.C. App. § 582 of the SCRA directs the Department of Defense to furnish **certificates of military** service to requesting parties. To facilitate SCRA military service verifications, the Department’s Defense Manpower Data Center (DMDC) has developed a secure public Internet access system through which any requester can quickly determine whether an individual is currently in the armed forces. HUD has provided information and guidance on availability and use of this service for use by mortgagees who are otherwise unable to verify a mortgagor’s military status.

Service-members become eligible for the interest rate limitation under the SCRA by providing to the Mortgagee a written notice, a copy of the military orders calling the service-member to military service and any orders further extending military service, not later than

180 days after the date of the service-member's termination or release from military service. Upon receipt, the Mortgagee must limit interest on the mortgage debt to no more than 6 percent per year effective as of the date on which the service-member is called to military service. Only a court may grant the Mortgagee an exception to the interest rate limitation and then, only if, in the opinion of the court, the ability of the service-member to pay interest upon the obligation or liability at a rate more than 6 percent per year is not materially affected due to the service-member's military service.

The information is used to ensure that service-members and their dependents receive notice of their mortgage and foreclosure rights under the SCRA and to document and verify eligibility of individuals for those benefits. The specific relief provisions for FHA-insured loans have been established to ensure that eligible service-members and dependents with FHA-insured loans are notified of and receive the authorized legal protections and debt relief. The required notices and information are exchanged between borrowers and their creditors and creditors maintain documentation regarding those contacts with their loan records. HUD does not require reports or otherwise collect information from creditors or borrowers on SCRA actions.

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 monthly through HUD's electronic systems. 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 if hard copies can be printed and provided to HUD within 24 hours of the request, depending upon the documentation requested.

HUD is using technology to reduce burden. Form HUD-92068-A paper version will be removed and replaced with an electronic version because HUD requires mortgages to report the delinquency information electronically into HUD's SFDMS system.

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 if the information is complete.
5. The collection of this information will not have a significant impact on a substantial number of small businesses.
6. 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 percent 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 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. Helping, 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 the collection by the mortgagee of a late charge, 15 days after the monthly payment is due. Mortgagees are required to conduct a face-to-face/personal interview within 60 days of the monthly payment due date. A delinquency notice HUD -2008-5-FHA, *Save Your Home: Tips to Avoid Foreclosure* Pamphlet, is to be sent by the Mortgagee to the Mortgagor between the 32nd and 6th day of delinquency. Homeownership counseling is offered by the mortgagee within 45 days of the payment due date and property inspections are to be conducted by the same time frame. The mortgage industry and HUD regulations define time periods for reporting to HUD delinquent FHA-insured mortgage loans and to perform 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.
 - * The information collection to HUD does not require respondents to submit more than an original and two copies of any document. HUD does require 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; or
 - * The 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 5 CFR 1320.8(d), this information collection soliciting public comments was announced in the *Federal Register* on Tuesday, September 12, 2017 (Volume 82, Number 175 Page 42831). No comments were received.

The ability to provide the information required by this process and the use of the information is discussed with the mortgage loan industry on a continuing basis at yearly functions, meetings and personal contact by various HUD staff and managers.

9. This PRA and the collection of information does provide incentives to the mortgagee for various reinstatement options under the Soldiers and Sailors Civil Relief Act of 1940, which

includes: special forbearance of \$100, FHA-HAMP modification of \$750 and FHA-HAMP partial claim of \$500.

10. There is no promise of confidentiality. The respondents are mortgagees servicing FHA-insured mortgage loans. The Privacy Act of 1974 provides privacy protections to respondents. HUD generally discloses this data only in response to a Freedom of Information Act request.
11. This collection contains questions about a prospective borrower's income. This information is necessary to qualify the borrower for FHA mortgage insurance.
12. Estimates of the hour burden of the collection of information.

(Estimates for both FHA and non-FHA mortgage loans, Service-members only)

FHA-approved mortgage servicers	357
VA-approved mortgage servicers	250
Conventional-Prime lenders	7,000
Conventional-Sub-Prime lenders	199
Total	7,806

DELINQUENCY, DEFAULT AND FORECLOSURE

Information Collection	Number of Respondents	Response Frequency (average)	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
Delinquency and Default Requirements							
Late Charge	357	33,613.45	12,000,001.65	None, this is an industry standard			
Mortgage Loan Collection	357	33,613.45	12,000,001.65	None, this is an industry standard			
Default Notice	357	6,722.69	2,400,000.33	None, this is an industry standard			
Screenshot Delinquent Loan Reporting-(HUD-92068-A)	357	6,722.69	2,400,000.33	.25	600,000.08	\$19.38	\$11,628,001.60
Homeownership Counseling	357	3,361.35	1,200,001.95	None, this is an industry standard			
Save Your Home Tips to Avoid Foreclosure Pamphlet	357	3,361.35	1,200,001.95	.25	300,000.49	\$19.38	\$5,814,009.45
Property Inspections	357	1,680.67	599,999.19	None, this is an industry standard			
Face to Face Interview	357	336.14	120,001.98	1.00	120,001.98	\$19.38	\$2,325,638.37
Preservation of Property	357	672.27	240,000.39	1.00	240,000.39	\$19.38	\$4,651,207.56
Advance of Funds	357	90.76	32,401.32	None, this is an industry standard			
Partial Payment	357	3,361.35	1,200,001.95	.50	600,000.98	\$19.38	\$11,628,018.90
Pre-foreclosure review	357	90.76	32,401.32	2.00	64,802.64	\$19.38	\$1,255,875.16

Mortgage Reinstatement	357	28.01	9,999.57	.50	4,999.79	\$19.38	\$96,895.83
Special Authority/Loss Mitigation	357	560.22	199,998.54	1.00	199,998.54	\$19.38	\$3,875,971.71
Foreclosure							
Foreclosure	357	491.90	175,608.30	4.00	702,433.20	\$19.38	\$13,613,155.42
Property Conveyance	357	491.90	175,608.30	3.00	526,824.90	\$19.38	\$10,209,866.56
Extensions of Time-HUD 50012	357	491.90	175,608.30	.25	43,902.08	\$19.38	\$850,822.21
Deficiency Judgments	357	5.60	1,999.20	1.00	1,999.20	\$19.38	\$38,744.50
Service-members Civil Relief Act							
SCRA Disclosure (HUD-92070)	357	3,361.35	1,200,001.95	.25	300,000.49	\$19.38	\$5,814,009.45
Notice-VA loans-HUD 92070	250	951.36	237,840.00	.25	59,460.00	\$19.38	\$1,152,334.80
Notice-CONV loans-HUD 92070	7,000	163.92	1,147,440.00	.25	286,860.00	\$19.38	\$5,559,346.80
Notice-CONV-SUB loans-HUD 92070	199	7,627.66	1,517,904.34	.25	379,476.09	\$19.38	\$7,354,246.53
FHA-Military Verification	357	28.03	10,006.71	.25	2,501.68	\$19.38	\$48,482.51
FHA Payment Adj.	357	28.03	10,006.71	1.00	10,006.71	\$19.38	\$193,930.04
Prin. Loss Mitigation.-FHA	357	13.84	4,940.88	1.00	4,940.88	\$19.38	\$95,754.25
Totals	7,806		38,291,776.81		4,448,210.10		\$86,206,311.64

The hourly cost is based on a federal employee GS6 CY2017 salary of \$40,442 annually.

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
Delinquency and Default Requirements					
Notice of Delinquency Reporting	2,400,000.33	.10	240,000.03	\$38.20	\$9,168,001.26
Loss Mitigation	199,998.54	1.00	199,998.54	\$38.20	\$7,639,944.23
Foreclosure					
Property Conveyance	175,608.30	1.00	175,608.30	\$38.20	\$6,708,237.06
Extensions of Time HUD 50012	175,608.30	.50	87,804.15	\$38.20	\$3,354,118.53
Deficiency Judgments	1,999.20	.50	999.60	\$38.20	\$38,184.72
Total	2,953,214.67		704,410.62		\$26,908,485.80

The hourly cost is based on a federal employee GS12 CY2017 salary of \$79,720 annually.

15. This is a revision of a currently approved collection. This comprehensive PRA involves all mortgage loan servicing activity of delinquent, defaulted, and foreclosed mortgage loans. The current delinquency environment activity results in overall decreases associated with

responses and annual burden hours. Form HUD-92068-A paper version is obsolete and no longer needed because HUD requires mortgagees to report the delinquency electronically to HUD via SFDMS. Form HUD-92070 is revised to reflect the current reference to the SCRA now found at 50 U.S.C. §§ 3901-4043. Form HUD-50012 is also used to collect information for the HECM Program and the HECM collection is reported under existing OMB control number 2502-0611. Minor changes are made to all other forms.

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.