

Supporting Statement for Paperwork Reduction Act Submissions

Multifamily Insurance Benefits Claims Package

OMB Control Number 2502-0418

(HUD-2741, HUD-2742, HUD-2744A, HUD-2744B, HUD-2744C, HUD-2744D, HUD-2744E,
HUD-434, HUD-1044D)

A. Justification

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information. Include a statement regarding the changes for this submission. (Example: The changes for this submittal is as follows or the difference between this submission and the last is as follows....)**

When the terms of an Federal Housing Administration (FHA) Multifamily Insurance Contract are breached, the holder of the note may file a claim for FHA Insurance Benefits. The law which supports this action is Title II, Section 207(g), of the National Housing Act (12 USC 1713(g)) (the "Statute").

This Statute provides in part, "...the mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided, upon assignment, transfer, and delivery to the Secretary, within a period and in accordance with the rules and regulations to be prescribed by the Secretary of (1) all rights and interests arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transactions; (3) all policies of title or other insurance or surety bonds or other guaranties and any and all claims thereunder; (4) any balance of the mortgage loans not advanced to the mortgagor; (5) any cash or property held by the mortgagee, or to which it is entitled, as deposits made for account of the mortgagor and which have not been applied in reduction of the principal of the mortgage indebtedness; and (6) all records, documents, books, papers, and accounts relating to the mortgage transactions."

These provisions are further outlined in 24 CFR Part 207, Subpart B - Contract Rights and Obligations. To receive these benefits, the mortgagee must prepare and submit to Housing and Urban Development (HUD) the Multifamily Insurance Benefits Claims Package. The package consists of the following forms that are housed on HUDclips:

1. HUD-2741 – Fiscal Instructions for Filing for Multifamily Insurance Benefits
2. HUD-2742 - Fiscal Data in Support of Claim for Multifamily Mortgage Insurance Benefits
3. HUD-2744-A - Allocation of Mortgagee Receipts and Disbursements-Schedule A
4. HUD-2744-B - Mortgagee Report of Project Collections-Schedule B
5. HUD-2744-C - Mortgagee Report of Project Disbursements-Schedule C
6. HUD-2744-D - Mortgagee Report of another Disbursements-Schedule D
7. HUD-2744-E - Mortgagee Report of Special Escrow-Schedule E
8. HUD-434 - Statement of Taxes
9. HUD-1044-D – Multifamily Insurance Benefit Claim Payment Information in Support of Claim Treasury Financial Communication

System for Mortgage Wiring Instructions

In addition, at the time of renewal, the Department is making a non-substantial change to collections related to Rights and Duties of the Mortgagee under the Contract of Insurance for Multifamily Housing Mortgage Insurance Programs. 2502-0418 is the collection for the Multifamily Insurance Benefits Claims Package. The non-substantial change is that the mortgagee will be required to include in a bond trust indenture language directing the trustee to pay to HUD any trust funds remaining after discharge by the trustee of all obligations of the trust indenture.

HUD is not collecting any new information; and HUD is not a party to the trust indenture. The mortgagee does not need to submit any additional information, nor do they have to fill in any additional forms; they will just include language provided by HUD, in 24 CFR §207.261(a)(2), as part of the trust indenture. This change is to help the Department address reimbursement to FHA of excess bond proceeds. The claims process is not changing, but the excess bond proceeds will now go to HUD.

When a mortgagee finances mortgages through the issuance and sale of bonds or through bond anticipation notes, the mortgagee uses the funds from the payment of an FHA multifamily mortgage insurance claim under 24 CFR § 207.259 to pay off the remaining bond debts. At times, the amount paid by the FHA Multifamily Insurance Claim is greater than the remaining bond debts. This final rule requires mortgagees that finance a project using a project-specific trust indenture agreement to include language in the trust indenture to require that excess bond funds that remain after FHA's Multifamily Insurance Claim Payment is used to satisfy the bonds are returned to FHA. HUD requires similar payments of excess bond funds on obligations of public housing agencies and, thus, the final rule provides consistency in the administration of HUD's bond financing programs.

The language required in the bond trust indenture would state that: "in the event of an assignment or conveyance of the mortgage to the Commissioner, subsequent to the issuance of the bonds, all money remaining in all funds and accounts other than the rebate fund, and any other funds remaining under the trust indenture after payment or provision for payment of debt service on the bonds and the fees and expenses of the credit enhancer, issuer, trustee, and other such parties unrelated to the mortgagor (other than funds originally deposited by the mortgagor or related parties on or before the date of issuance of the bonds) shall be returned to the mortgagee."

This collection covers the same environment, has the same functions, uses the same or similar forms and collects the same information as the contract that owners are required to submit in order to enter into business agreements with the Department.

**2. Indicate how, by whom, and for what purpose the information is to be used.
Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

When a mortgagor defaults on its loan, the holder of the mortgage may file for insurance benefits pursuant to the contract of insurance (the insuring statute and the corollary regulations). To receive these benefits, the mortgagee must prepare and submit to HUD the Multifamily Insurance Benefits Claims Package. HUD uses the information collected to

determine the FHA Multifamily Insurance Benefits owed to the mortgagee. HUD audits each form. From the information collected, the Government Accountability Office can audit HUD's records. Also, the information is used by the Department of Justice in pursuit and defense of claims filed against or by the United States.

- 3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.**

The collection of information does require the use of technological collection techniques sometimes. The forms are emailed to HUD. The original forms are mailed to HUD along with the originals of the mortgage or deed of trust, etc., as part of the Multifamily Benefits Claims package. It is not feasible to submit the forms electronically, separate from the claims package documentation, since many of the original documents require raised seals to be affixed to confirm authenticity from the issuing jurisdiction

- 4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

Duplication, in the sense of similar data collection, does not exist.

- 5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.**

No small businesses or entities are affected.

- 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.**

The lender is required by regulation to submit to HUD the Multifamily Insurance Benefits Claims Package within 45 days after the mortgage is assigned or within an extended deadline, if any, in order to obtain insurance benefits. Non-compliance would delay payments and the interest paid to the mortgagee on the claim would be curtailed. HUD's inventory of unpaid claims would increase.

- 7. Explain any special circumstances that would cause an information collection to be**

conducted in a manner: (PLEASE ANSWER EACH BULLET SEPARATELY)

* requiring respondents to report information to the agency more often than quarterly;

- A respondent may be required to submit collection information more often than quarterly. Regulation requires a mortgagee to submit this information in order to receive insurance benefits. Therefore, this information is submitted after the mortgagee has recorded the assignment of the mortgage or deed of trust to HUD.

* requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;

- Respondents must submit the information collection within 45 days after the mortgage is assigned or within an extended deadline, if any, in order to obtain insurance benefits.

* requiring respondents to submit more than an original and two copies of any document;

- Respondents are required to submit the original and two copies of each document.

* requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years;

- Record retention for the loan history must begin from the date the claimant became the holding mortgagee.

* 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;

- No statistical data is collected.

* requiring the use of a statistical data classification that has not been reviewed and approved by OMB;

- No statistical data is collected

* that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or

- No pledge of confidentiality is promised outside of any supported by the authority established in statute or regulation.

* requiring 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.

- Respondents are not required to submit proprietary trade secrets.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported. Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years - even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

In accordance with 5CFR 1320.8(d), this information collection soliciting public comments was announced in the Federal Register on **January 24, 2018**, Volume **83**, No. **16**, Pages **3364**.
(0) Comment received March 26, 2018.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

There is no decision to provide any payments or gifts to the lender except the payment of FHA Insurance Benefits. This payment is the Department's contractual obligation.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

This collection has an approved Privacy Threshold Analysis (PTA) on file. In addition, HUD's policy for providing confidentiality is that any information released to the public does not contain identifying information such as social security numbers. Such identification is deleted from the required information prior to being released.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

There are no questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information. The statement should:

* Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.

* If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.

* Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 13.

It is estimated that 110 respondents (lenders) will annually submit a Multifamily Insurance Benefits Claims Package.

Information Collection	Number of Respondents	Frequency of Response	Responses Per Year	Average Burden Hours Per Response	Annual Burden Hours	Hourly Cost per Response	Total Annual Cost
HUD-434	110.00	1.00	110.00	0.50	55.00	\$36.06	\$1,983.30
HUD-2741	0.00	1.00	0.00	0.00	0.00	\$36.06	0.00
HUD-2742	110.00	1.00	110.00	0.25	27.50	\$36.06	\$991.65
HUD-2744-A	110.00	1.00	110.00	1.25	137.50	\$36.06	\$4,958.25
HUD-2744-B	110.00	1.00	110.00	0.75	82.50	\$36.06	\$2,974.95
HUD-2744-C	110.00	1.00	110.00	0.05	55.00	\$36.06	\$1,983.30
HUD-2744-D	110.00	1.00	110.00	0.25	27.50	\$36.06	\$991.65
HUD-2744-E	110.00	1.00	110.00	0.50	55.00	\$36.06	\$1,983.30
HUD-1044-D	110.00	1.00	110.00	0.25	27.50	\$36.06	\$991.65
TOTALS	110.00		880.00		467.50		\$16,858.05

*The hourly cost is based on \$36.06 /hour for professional staff (\$ 75,000 annually) for completing the information.

Information Collection	HUD Review Hours per year	Hourly Rate*	Total HUD Reviews	# of Claims	Cost per claim	Total Contractor Cost	Total Annual Cost
HUD Review-5 staff member-HUD employees x 20 hours per week x 52 weeks per year	5,200.00	\$44.28	\$230,256.00				\$230,256.00
Contractor examination cost				110.00	\$2,485.59	\$273,414.90	\$273,414.90
Totals	5,200.00	\$43.29	\$225,108.00	110.00	\$2,485.59		\$498,522.90

The hourly cost for HUD employees is based on the rate of pay for a GS12-5 per hour as of 2018.

* Average cost per claim

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.

This is an extension of currently approved collection. There is a change to the number of respondents from 125 to 110 and total annual hours due to the decrease in the number of FHA Insurance Claims. Currently, there are no changes to the program, but the industry is considering comments for recommended future program changes. The decrease in responses and burden is a result of a decrease in program participation.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

The information collected will not be published.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

Approval is not being sought to not display the expiration date for OMB approval of the

information collection.

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.

There are no exceptions to the certification statement identified in item 19 of the OMB 83-I.

B. Collections of Information Employing Statistical Methods

The agency should be prepared to justify its decision not to use statistical methods in any case where such methods might reduce burden or improve accuracy of results. When Item 17 on the Form OMB 83-I is checked, "Yes," the following documentation should be included in the Supporting Statement to the extent that it applies to the methods proposed:

1. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection methods to be used. Data on the number of entities (e.g., establishments, State and local government units, households, or persons) in the universe covered by the collection and in the corresponding sample are to be provided in tabular form for the universe as a whole and for each of the strata in the proposed sample. Indicate expected response rates for the collection as a whole. If the collection had been conducted previously, include the actual response rate achieved during the last collection.
2. Describe the procedures for the collection of information including:
 - * Statistical methodology for stratification and sample selection,
 - * Estimation procedure,
 - * Degree of accuracy needed for the purpose described in the justification,
 - * Unusual problems requiring specialized sampling procedures, and
 - * Any use of periodic (less frequent than annual) data collection cycles to reduce burden.
3. Describe methods to maximize response rates and to deal with issues of non-response. The accuracy and reliability of information collected must be shown to be adequate for intended uses. For collections based on sampling, a special justification must be provided for any collection that will not yield "reliable" data that can be generalized to the universe studied.
4. Describe any tests of procedures or methods to be undertaken. Testing is encouraged as an effective means of refining collections of information to minimize burden and improve utility. Tests must be approved if they call for answers to identical questions from 10 or more respondents. A proposed test or set of tests may be submitted for approval separately or in combination with the main collection of information.
5. Provide the name and telephone number of individuals consulted on statistical aspects of the design and the name of the agency unit, contractor(s), grantee(s), or other person(s) who will actually collect and/or analyze the information for the agency.

The information collected does not use statistical methods.