

Supporting Statement for Paperwork Reduction Act Submissions

Insurance Termination Request for Multifamily Mortgage

OMB Control Number: 2502-0416

(HUD-9807)

A. Justification

1. A contract of mortgage insurance for a multifamily housing project's mortgage may be terminated either by prepayment in full of the insured project mortgage prior to its maturity date, or by acceptance of a request for voluntary termination made jointly by the mortgagor and mortgagee. Regulations at 24 C.F.R. 207.253 and 207.253a prescribe procedures for termination of mortgage insurance. This submission deals with mortgages insured under various sections of the National Housing Act, codified at 12 U.S.C. 1715 et seq. If termination is being requested due to prepayment of the mortgage, mortgagee must obtain prior approval from HUD before accepting the prepayment and submitting a copy of that approval when submitting the form HUD 9807 to request insurance termination.
2. The Form HUD 9807 is collected from mortgagees who request to terminate the contract for mortgage insurance with HUD. The form requires the type of action being requested, date of request, the multifamily housing project name and project number; the original amount of the insured mortgage; the mortgagee's loan number; maturity date of the mortgage; certain program information; name and signature of the mortgagor (property owner entity and authorized agent) and signature; name and authorized representative of the holding mortgagee and servicing mortgagee. HUD staff receive the form and process the termination of mortgage insurance contract.
3. The submission of this form is through electronic mail to a designated email box. The subject form is available via the Internet on HUD-Clips.
4. There is no duplication. The entire collection of information reported on this form is needed to process a termination. The information is not available through any other source.
5. The collection of information does not involve or impact small business or other small entities.
6. If this collection is not conducted, the Department would have no other way to receive notification from a mortgagee that its loan has been prepaid, or that they voluntarily want to terminate mortgage insurance. It would be impossible to maintain the insurance-in-force records without notification from the mortgagee. The request to terminate mortgage insurance is a one-time collection.
7. Explain any special circumstances that would cause an information collection to be conducted in a manner:
 - Requiring respondents to report information to the agency more often than quarterly:
Respondents will only submit the form on a one-time basis for a particular loan; the respondent may have several insured multifamily loans with the Department, but they will only submit this form one time to request to terminate insurance.
 - Requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it: There is no requirement for a respondent to prepare a written response to a collection in fewer than 30 days.
 - There is no requirement for a respondent to submit more than an original and two copies of any document; nor is there a requirement for respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years.

- There are no special circumstances that would cause this collection to be conducted in a manner 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.
 - There is no special circumstance that would cause this collection to be conducted in a manner that would require the use of a statistical data classification that has not been reviewed and approved by OMB.
 - There is no special circumstance that would cause this collection to be conducted in a manner 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.
 - There is no special circumstance that would cause this collection to be conducted in a manner 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.
8. Information collected is conducted in a manner consistent with the guidelines of 5 CFR 1320.8 (d). The Notice announcing this collection of information appeared in the *Federal Register* on November 9, 2018, (Vol. 83, No. 218, pages 56093). No comments were received.

The Department also consulted with two of its larger mortgagees (Wells Fargo and Berkadia Commercial Mortgage) in reference to the submission of the HUD Form 9807. The mortgagees have provided concerns with the time for processing a termination; the Department has taken these recommendations under review and has implemented a new review process to shorten the turnaround time for processing.

9. There are no payments or gifts to respondents.
10. The form HUD-9807 does not collect personally identifiable information. The data collected provides a mortgagee name, multifamily property name, that relates to a corporate entity, not an individual, and is therefore outside the scope of our privacy requirements. We assure confidentiality to respondents in accordance with the Freedom of Information Act (FOIA), 5 U.S.C.§. The Privacy Threshold Analysis (PTA) for this collection has been approved by the Privacy Branch.
11. This collection does not involve questions of a sensitive nature.

12. Annual Burden Estimate:

The number of FHA-approved multifamily lenders that could submit form HUD 9807 is 96. These 96 lenders hold/service 14,580 active FHA-insured multifamily mortgages (including healthcare loans). Many lenders hold/service multiple FHA-insured loan. There could potentially be 14,580 submissions, however, that is unlikely to occur in a year’s time, or over a three-year period. For the previous three years, the Department has processed 2,658 actual terminations of mortgage insurance contracts (904 terminations in Fiscal Year 2017; 839 terminations in Fiscal Year 2016; and 915 terminations in Fiscal Year 2015).

Information Collection	Number of Respondents	Frequency of Response	Total Annual Responses	Burden Hours per Response	Total Annual Burden Hrs	Hourly Cost	Total Annual Cost
HUD 9807	14,580.00	1.00	14,580.00	.25	3,645.00	\$28.00	\$102,060.00
Total	14,580.00		14,580.00		3,645.00		\$102,060.00

Hourly cost is based on an estimate of owner and mortgagee staff annual salary of \$60,000.

13. There are no additional costs to respondents.

14. Annual Cost to the Federal Government:

The potential submission of Form HUD 9807 could be 14,580 (the number of active FHA-insured multifamily loans in the portfolio); however, that is unlikely to occur in a one-year period, or over a three-year period. For the past three years, there have been a total of 2,658 terminations of mortgage insurance contracts.

Information Collection	Number of Responses	Hours per Response	Total Annual Hours	Hourly Cost	Total Annual Cost
HUD-9807	2,658.00	1.00	2,658.00	\$30.47	\$80,989.26

Estimated hourly cost is based on the annual salary of a GS-1101-12/Step 1 Analyst for processing a termination.

- 15. This is an extension of a currently approved collection. Adjustments were necessary for the number of respondents and number of responses as the previous collection did not capture the correct information. This revision captures the correct information. There can be a fluctuation in the number of submissions based on current interest rates and market for an owner to choose to prepay and refinance their mortgage.
- 16. The results of this collection will not be published.
- 17. HUD is not requesting approval to avoid displaying the expiration date on the form HUD-9807.
- 18. No exceptions to the certification statement identified in Item #19 on form OMB 83-I, "Certification for Paperwork Reduction Act Submissions."

B. Collections of Information Employing Statistical Methods

This information collection does not employ statistical methods.