

# Supporting Statement for Paperwork Reduction Act Submissions

## FHA-Insured Mortgage Loan Servicing Involving the Loss Mitigation Programs

OMB Control Number 2502-0589

HUD-90035, HUD-90041, HUD-90045, HUD-90051, HUD-90052, HUD-27011

### 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.

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. HUD can pay claims for any costs incurred by a mortgagee for loss mitigation activities pursuant to the National Housing Act (P.L. 479, 48 Stat., 1246, 12 U.S.C., 1701 et seq.), Sections 204(a)(2) and 230 (12 U.S.C., §§ 1710(a)(2) and 1715u). The loss mitigation 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: Loss Mitigation Program in 24 CFR § 203.501, Evaluation in 24 CFR § 203.605, Record Retention in 24 CFR §§ 203.365 and 203.605, Unemployment Special Forbearance 24 CFR §§ 203.471 and 203.614, Federal Housing Administration (FHA) - Home Affordable Modification Program Loan Modification and Partial Claim in 24 CFR §§ 203.342, 203.371, 203.414 and 203.616, Pre-Foreclosure Sale in 24 CFR §§ 203.356, 203.370, 203.401, 203.402 and 203.43, Deed-in Lieu of Foreclosure in 24 CFR §§ 203.357, 203.401, 203.402 and 203.403 and Tier Ranking in 24 CFR § 203.605.

The program guidance is described in FHA's Single Family Housing Policy Handbook 4000.1 (Handbook 4000.1), Section III.A.2.

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.

This is an extension of a currently approved collection. The information collection and the estimates of the burden hours, responses and respondents decreased slightly. The forms in this collection of information do not have substantive changes to the language contained in the forms; however non-substantive edits are made to the forms to reflect all elements of the PRA burden statement. Form HUD-27011, *Single Family Application for Insurance*

*Benefits*, also has non-substantive edits to the certification and false claims warning statement.

### **FHA Non-Performing Loan Management Overview**

The purpose of all collection efforts for non-performing mortgage loans is to help bring a delinquent mortgage loan current in as short a time as possible, to identify an alternative to foreclosure to the extent possible, and to minimize losses. Mortgagees will determine the most effective forms of contact with specific mortgagors during the various stages of delinquency and default. A successful servicing strategy treats each delinquent mortgagor individually; and, based on the circumstances involved, tailors a foreclosure alternative workout plan that will be successful in curing the delinquency and preventing a foreclosure.

Early stage defaults are loans that are less than three monthly payments in arrears and will be covered as Delinquency, Default and Foreclosure in a forthcoming information collection request. FHA considers a loan that is due for three or more payments to be seriously delinquent. The great majority of FHA-insured loan delinquencies are resolved during the early default stage either through a self-cure by the mortgagor or through an informal payment plan initiated by the mortgagee. This PRA submission covers foreclosure alternatives that are available for FHA-insured mortgages that are seriously delinquent and for which FHA has authorized use of the loss mitigation program tools and incentives.

### **FHA Loss Mitigation Program Overview and General Requirements**

The **Loss Mitigation** program/options (24 CFR § 203.501) as covered in this current PRA, includes strategies or options to be used by mortgagees, as they deem appropriate, based on an individual assessment of each mortgagor's financial circumstances and the status of the loan. Home retention options promote reinstatement of the mortgage, allowing the mortgagor to retain home ownership, while Disposition options assist mortgagors who cannot recover from a default with an alternative to foreclosure. Key requirements of HUD's loss mitigation policy include an evaluation of each mortgagor's financial condition no later than the 90<sup>th</sup> day of delinquency, occurring before four monthly mortgage payments are due and have become unpaid; an established waterfall priority order for use of the loss mitigation actions; file documentation/record retention to support use or non-use of these loss mitigation actions; reporting and assessment of mortgagee's loss mitigation performance.

- **Evaluation**

As a part of HUD's Loss Mitigation evaluation (24 CFR § 203.605) process, mortgagees must regularly review their portfolio to identify loans that are overdue for three full monthly installments and are therefore considered seriously delinquent. Mortgagees must evaluate seriously delinquent loans to determine which loss mitigation technique(s), if any, are appropriate as referenced in loss mitigation evaluation and must take those appropriate actions, which can reasonably be expected to generate the smallest financial loss to HUD. This evaluation must be performed no later than when four monthly mortgage payments are due and have become unpaid; and must be performed monthly thereafter while the account is in default and foreclosure avoidance and loss mitigation

options remain under consideration. The evaluation must include an assessment of the following factors as applicable depending upon the loss mitigation option to be utilized:

- Mortgagor's income, expenses, hardship and financial assets
- Occupancy of the property
- Search of HUD's Credit Alert Interactive Reporting System (CAIVRS), for existing federal debts
- Length of delinquency
- Property condition
- Title search to establish first lien status
- Property value as determined by a Broker Price Opinion (BPO) or appraisal
- Mortgagor's commitment to retain homeownership
- Cause of default and potential of the mortgagor to overcome the cause of default

In connection with this evaluation the mortgagee must obtain financial information from the delinquent mortgagor and must use that information to assess the mortgagor's assets, income, expenses and the amount of surplus income the mortgagor has available to reinstate the delinquency over time. The formula for calculation of surplus income is included in HUD Handbook 4000.1. The mortgagee may, at its discretion, obtain this information in writing, via phone, during a personal interview or through the efforts of a HUD approved housing counselor who is providing counseling services to the mortgagor. However, the financial information is collected, the mortgagee must independently verify the accuracy of the information by obtaining a current credit report and other means that the mortgagee may elect to use.

Evaluation is listed under each of the Loss Mitigation Options to reflect the estimates of the hour burden ascribed to each option in this collection of information.

- **File Documentation/Record Retention**

Section 24 CFR § 203.605 requires that the mortgagee maintain documentation of loss mitigation evaluations, including but not limited to attempts to contact mortgagors, communications with mortgagors, financial data used in the analysis of surplus income, evidence that a loss mitigation evaluation was performed within the appropriate time requirements, and as necessary that required monthly reviews of the mortgagor's status were performed. This documentation shall be maintained in the claim file. Claim files shall be maintained for at least a three-year period after the claim has been paid pursuant to Section 24 CFR § 203.365(c) and hard copies of identified claim files must be provided to the Secretary within 24 hours of a request.

Record retention hours are listed under each of the Loss Mitigation Options to reflect the estimates of the hour burden ascribed to each option in this collection of information.

- **Reporting**

Mortgagees are required to report the current status of all delinquent loans monthly through HUD's Single Family Default Monitoring System. Mortgagees must also notify HUD of any changes in status as a result of consideration, initiation or failure of a loss mitigation option. The public burden hours of these reporting requirements are reported under existing OMB control number 2502-0584.

- **Option Implementation**

Based on the evaluation results, the mortgagee shall determine if the mortgagor is qualified for home retention or property disposition loss mitigation options according to HUD's priority waterfall order and shall initiate the appropriate action. For each option the mortgagee must create written documentation describing the terms of the option and obtain the mortgagor's signature. Depending on the option, documentation may take the form of a written payment plan, written modification, subordinate lien, etc.

### **FHA Loss Mitigation Home Retention Options**

- **Special Forbearance (SFB) - Unemployment Agreement Option**

The SFB-Unemployment Agreement (24 CFR §§ 203.471 and 203.614) home retention option is a written payment plan between a mortgagee and an unemployed mortgagor only, which contains a plan to reinstate a loan that has been at least three months past due (61 days delinquent) but, not more than 12 months due and unpaid. A special forbearance represents a temporary change to the repayment terms. Information is obtained from the mortgagor and evaluated in accordance with the general requirements indicated above. At least once each month for the duration of the unemployment special forbearance agreement, the mortgagee must review the mortgagor's compliance with the payment terms and, if the mortgagor is not paying as agreed, must either, execute a written change to the special forbearance unemployment agreement, utilize another loss mitigation option or begin actions to initiate foreclosure.

In addition to SFB Evaluation and SFB Record Retention, the SFB-Unemployment Agreement Option burden hours accounting includes the Mortgagor Activity, SFB Written Plan and Optional HUD Approval.

- **FHA-Home Affordable Modification Program (FHA-HAMP) Loan Modification and Partial Claim Options**

The FHA-HAMP loan modification (24 CFR §§ 203.342 and 203.616) home retention option represents a permanent change to one or more of the terms of a mortgage, that when implemented fully reinstates the loan under payment terms that the mortgagor can afford. A modification plan may include a change in the interest rate; capitalization of delinquent principal, interest or escrow items; extension of the time available to repay the loan; and/or re-amortization of the balance due. In addition to the general requirements applicable to all loss mitigation options, the following specific requirements apply to loan modifications:

- The mortgagee must have determined that the mortgagor had insufficient surplus income to cure the default using a special forbearance and must so document the loan file.
- Title search to determine through an examination of public records the ownership and encumbrances affecting the real property. FHA does not dictate a specific format for documentation of the modification agreement. The mortgagee is responsible for ensuring that the modification documentation preserves the first lien status of the FHA insured loan. In satisfying this requirement, the mortgagee must comply with any applicable state or federal laws and regulations.
- Recording the modification in public records to provide notification to all subsequent interested parties. The mortgagee will have to make the determination in accordance with state law as to whether it is necessary to record the Modification Agreement to maintain the first lien requirement.

An FHA-HAMP partial claim (24 CFR §§ 203.371 and 203.414) is a home retention option wherein a lender may advance funds on behalf of a mortgagor in an amount necessary to reinstate a delinquent loan. The maximum cumulative value of all partial claims paid with respect to a Mortgage must not exceed 30 percent of the Mortgage's unpaid principal balance. The mortgagor, upon acceptance of the advance, will execute a promissory note and subordinate mortgage payable to HUD. In addition to the general requirements applicable to all loss mitigation options, the following specific requirements apply to partial claims:

- The mortgagee must have determined that the mortgagor would be unable to reinstate the delinquency using either a special forbearance or mortgage modification and must so document the loan file.
- Title search to determine through an examination of public records the ownership and encumbrances affecting the real property.
- Recording the partial claim lien in public records to provide notification to all subsequent interested parties. Although HUD does not prescribe a lien priority requirement for partial claims, the mortgagee must ensure timely recordation of the subordinate mortgage. A promissory note must be executed in the name of the Secretary and a subordinate mortgage must be obtained and recorded. The mortgagee must include the provisions of HUD's model document, *FHA-HAMP Partial Claim Note and Subordinate Mortgage* (as provided in HUD's HB 4000.1 Supplemental Documents) and make any amendments required by state or federal law or regulations. While HUD does not endorse the products or services of vendors, the Department is aware that state specific documents are commercially available. Mortgagees who take advantage of the convenience of purchasing these documents should review them prior to use.
- The mortgagee must deliver the original partial claim credit and security instruments to HUD.
- Though not currently required, the mortgagee could be required to service the partial claim note and subordinate mortgage.

The mortgagee may offer an FHA-HAMP combination loan modification partial claim for mortgagees in default or imminent default. The combination may be used by a mortgagee when establishing an affordable monthly payment that requires a partial claim in an amount needed to cover arrearages, legal fees and foreclosure costs, and principal deferment.

In addition to FHA-HAMP Evaluation and FHA-HAMP Record Retention, the FHA-HAMP Options burden hours accounting includes the Mortgagor Activity and the FHA-HAMP Written Plan.

### **FHA Loss Mitigation Home Disposition Options**

- **Pre-Foreclosure Sale Option**

The pre-foreclosure sale (PFS) (24 CFR §§ 203.356, 203.370, 203.401, 203.402 and 203.403), also known as a Short Sale, refers to the sale of real estate that generates proceeds that are less than the amount owed on the Property and the lien holders agree to release their liens and forgive the deficiency balance on the real estate. There are three types of PFS transactions: Streamlined PFS; Streamlined PFS for Servicemembers with Permanent Change of Station Orders; and Standard PFS.

The Mortgagee may consider the PFS Option for mortgagors, who are in default or who are current but facing imminent default. The mortgagor need not be in default for mortgagee approval of the PFS option; however, on the date the PFS closing occurs, the mortgagee must ensure that the mortgage is in default status (minimum 31 days delinquent).

In addition to PFS Evaluation and PFS Record Retention, the Pre-Foreclosure Sale Option burden hours accounting includes the Mortgagor Activity, PFS Claim for Benefits, Request for Financial Information, PFS Denial as well as the following listed names and use of each form.

**Form HUD- 27011**, *Single-Family Application for Insurance Benefits* is a multi-use form submitted electronically via FHA Connection that is being updated with non-substantive changes to the certification and false claims warning statement to explicitly state that the signer is certifying under penalty of perjury and help to not only discourage fraud but also help effectively prosecute it when it does happen. The filing of a claim for FHA-Insurance benefits for claim types PFS and Deed-in-Lieu of Foreclosure are covered in this PRA. Mortgage insurance claims for Home Equity Conversion Mortgages (HECM) also utilizes form HUD-27011, where this HECM information collection is reported under existing OMB control number 2502-0611. All other filing of claims for insurance benefits and conveyances to the Department are covered under existing OMB control number 2502-0429.

**Form HUD- 90035**, *Information Sheet Pre-foreclosure Sale Procedure*: When a Borrower has expressed an interest in participating in the PFS program or has been

identified by the Mortgagee as a qualified candidate for the PFS Program, the Mortgagee must mail form HUD-90035, adding its toll-free or collect telephone number to the form. This policy is listed in FHA's Single Family Housing Policy Handbook 4000.1, Section III.A.

**Form HUD- 90041**, *Request for Variance Pre-foreclosure Sale Procedure*: Upon receipt of the Government's Estimate of the Cost to Repair, the Mortgagee must submit form HUD-90041 to HUD via the Extensions and Variances Automated Requests System (EVARS) to obtain approval prior to entering into a PFS Agreement with the Borrower. The Mortgagee must note on the form the specific reason for the request and attach any supporting documents needed for the Department's review. This guidance is listed in FHA's Single Family Housing Policy Handbook 4000.1, Section III.A.2.1.

**Form HUD- 90045**, *Approval to Participate Property Sales Information Property Occupancy and Maintenance Pre-foreclosure Sale Procedure*: After determining that a Borrower and Property meet the PFS eligibility requirements, the Mortgagee must notify the Borrower by sending an Approval to Participate in the PFS Program, form HUD-90045. This guidance is listed in FHA's Single Family Housing Policy Handbook 4000.1, Section III.A.2.1.

**Form HUD- 90051**, *Sales Contract Review Pre-foreclosure Sale Procedure*: After receiving an executed Contract of Sale from the Borrower, the Mortgagee must send to the Borrower form HUD-90051 no later than five business days from the Mortgagee's receipt of an executed Contract for Sale. This guidance is listed in FHA's Single Family Housing Policy Handbook 4000.1, Section III.A.2.1.

**Form HUD- 90052**, *Closing Worksheet Pre-foreclosure Sale Procedure*: Prior to closing, the Mortgagee must provide the Closing Agent with form HUD-90052, Closing Worksheet, which lists all amounts payable from Net Sale Proceeds. The Mortgagee must also ensure that this completed form HUD-90052 is included in the Claim Review File. This guidance is listed in FHA's Single Family Housing Policy Handbook 4000.1, Section III.A.2.1.

**Pamphlet HUD-2008-5-FHA**, *Save Your Home, Tips to Avoid Foreclosure* and the **Notice of Foreclosure** previously reported burden hours are removed from this collection to avoid double counting because these two items are reported under existing OMB Control Number 2502-0584.

A PFS must be reported to national credit bureaus as a "short sale." Mortgagees will be responsible for filing information to **Form 1099-A**, *Acquisition or Abandonment of Secured Property*, with the IRS and reporting any discharge of indebtedness, in accordance with the Internal Revenue Code.

- **Deed-in-lieu of Foreclosure**

A Deed-in-Lieu of Foreclosure (DIL) (24 CFR §§§ 203.357, 203.401, 203.402 and 203.403) is a home disposition option in which a mortgagor voluntarily offers the deed as collateral property to HUD in exchange for a release from all obligations under the mortgage. There are three types of DIL transactions: Streamlined DIL; Streamlined DIL for Servicemembers with Permanent Change of Station Orders; and Standard DIL.

Mortgagees may accept a deed-in-lieu of foreclosure from non-corporate mortgagors in default or imminent default and convey title to HUD in return for insurance benefits. The mortgagee will consider a DIL of foreclosure in states and jurisdictions where the foreclosure process is time consuming, expensive, or where there is an extensive redemption period, to minimize HUD's losses. In addition to the general requirements applicable to all loss mitigation options, the following specific requirements apply to DIL's:

- Mortgagee has encouraged the mortgagor to attempt a pre-foreclosure sale or has otherwise determined that a PFS is not appropriate.
- The mortgagee must obtain a title search or report – verifying that there is clear and marketable title. The title search or report requires the examination of public records the ownership and encumbrances affecting the real property.
- Mortgagee may be required to assist mortgagor in correcting minor title defects.
- Written agreement that addresses the following: certification that the mortgagor does not own other property; specific transfer date; tax consequences; mortgagors that comply with the DIL Agreement will not be pursued for a deficiency judgment; statement describing the physical condition of the property; conveyance of property vacant and free of personal property; itemization of fixtures and equipment; evidence of utilities/assessments consideration will not exceed the amount set forth in HUD Handbook 4000.1, etc.
- Mortgagee to arrange physical inspection of property at the time of vacancy
- Mortgagee to pay mortgagors' compensation in accordance with guidelines and obtain reimbursement through claim.
- Mortgagees will be responsible for filing information return Form 1099-A with the IRS and reporting any discharge of indebtedness, in accordance with the Internal Revenue Code.

In addition to DIL Evaluation and DIL Record Retention, the DIL Option burden hours accounting includes the Mortgagor Activity, Credit Alert Interactive Reporting System (CAIVRS) Review, Non-Corporate Request for DIL, Corporate Request for DIL and HUD Approval for Corporate Requests.

### **Tier Ranking System**

All mortgagees are required to analyze the financial capability of defaulting FHA mortgagors and utilize alternative payment options to mitigate losses to the mortgagor, damage to communities, and the FHA insurance fund through the options. HUD uses a congressionally mandated four level process adopted within the Tier Ranking System (TRS) (24 CFR § 203.605 (b)) to measure mortgagees' application of loss mitigation tools using automated data models to



evaluate and rank the lenders. Mortgagees ranked quarterly in tier one and two (the highest rated tiers) are analyzed on a statistical basis to ensure that each option is equitably utilized. Mortgagees in tiers 3 and 4 (the lowest rated tiers) are targeted for additional training by HUD's National Servicing Center (NSC) as well as referred for further investigation or audit by the Quality Assurance Division (QAD). HUD reviews and determines those mortgagees that use one initiative exclusively at the expense of the others. Numbers far outside the national average may indicate mortgagee abuse of the policies or lack of training. Those mortgagees whose ratios of application of each specific loss mitigation option to the total of all loss mitigation fall outside the normal mortgagee standards and who do not have a reason for such usage are also referred for training, targeted for investigation or audit.

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.

Mortgagees are lenders that service loans and have varied volumes of loan portfolios. However, the one thing they have in common is automated mortgage loan servicing that has the capability of servicing various types of loans and investors. HUD's information is routinely gathered and reported to HUD, generally on a monthly basis through HUD's electronic systems. HUD has not mandated any specific format for collecting and maintaining the records. The information is to be kept with similar mortgagee documentation and submitted to HUD only if requested as a part of a review. Mortgagees have the option to maintain mortgage loan documents in electronic or imaged format as long as the claim review file can be provided to HUD within 24 hours of the request, depending upon the documentation requested.

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.

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 as long as the information is complete.

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.

The collection of this information will not have a significant impact on a substantial number of small businesses.

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.

FHA insured mortgage financing is an important source of mortgage credit for low and moderate-income mortgagors and neighborhoods. Mortgagees are required to perform loss mitigation in order to reduce costs to the insurance fund, and in doing so, this may, as appropriate, enable borrowers to cure their delinquencies and retain their homes. In turn this may help stabilize neighborhoods that might otherwise suffer from deterioration and problems associated with vacant and abandoned properties. Alternatives to 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. The Loss Mitigation program, as described in the Code of Federal Regulations, is considered critical to FHA because it works to mitigate the economic impact on the insurance fund arising from the payment of full insurance claims and addresses national housing goals of providing possible alternatives to foreclosure to mortgagors in default where they may be able to retain home ownership or to transition to other housing opportunities.

The monthly reporting of delinquencies and claims by mortgagees, also mentioned in the Code of Federal Regulations and covered in OMB Control Number 2502-0584 is required to evaluate the health of the mortgage lending industry. Tier ranking derived from monthly delinquency reporting, measures whether the mortgagee has performed adequate and prudent mortgage loan servicing as compared to other firms in their peer group.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

\* The respondents may be required to report information to HUD more often than quarterly; The mortgage industry and the FHA loan program provide for a loss mitigation evaluation no later than the 90th day of delinquency, occurring before four monthly mortgage payments are due and have become unpaid. The mortgage industry and HUD regulations define time periods for reporting delinquent FHA-insured mortgage loans to HUD and to perform an evaluation every 30 days while the mortgage loans are delinquent and in default. Mortgagees are required to retain all servicing files for a minimum of seven years after the transfer or sale of the mortgage or termination of mortgage insurance. For cases for which a claim is filed, the mortgagee must retain evidence of compliance with FHA servicing requirements in the claim review file for at least seven years after the final claim or latest supplemental claim settlement date.

\* The respondents are not required to prepare a written response to a collection of information in fewer than 30 days after receipt of it;

\* The respondents are not required to submit more than an original and two copies of any document;

\* The respondents are not required to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than seven years;

\* The respondents are not required to provide a statistical survey;

\* The respondents are not required to use a statistical data classification that has not been reviewed and approved by OMB;

\* The respondents are not required to submit information that includes a pledge of confidentiality that is not supported by authority established in a 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

\*The respondents are not required 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. 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.

The agency notice soliciting comments on the information collection was published in the Federal Register on July 2, 2019 (Volume 84, Number 127, Page 31614). No comments were received.

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

Effective use of loss mitigation not only allows families to retain homeownership, it also significantly reduces the financial impact of foreclosure claims against the FHA Insurance

Funds. The savings realized through loss mitigation are substantial and ultimately reduce the mortgage insurance premiums paid by all FHA-insured borrowers. HUD provides reimbursement of certain costs incurred by lenders in executing loan modification and partial claim loss mitigation options and provides additional financial incentives for all loss mitigation options.

In recognition of the increased costs lenders experience when providing effective default servicing and the savings realized by HUD from this program, this PRA collection of information does provide incentives to mortgagees for successfully implementing various loss mitigation options that are available to mortgagors. The monetary incentives include \$100 to Tier 1 mortgagees for special forbearance- unemployment, \$750 plus up to \$250 for reimbursement of title search, endorsement to the title policy, and/or recording fees actually incurred for FHA-HAMP loan modification; \$500 for FHA-HAMP partial claims; \$1,000 for pre-foreclosure sale and \$250 for implementing a deed-in-lieu of foreclosure. To comport with FHA's mission of providing the underserved opportunities to become homeowners, we also want to ensure that our borrowers (i.e., who typically have little savings) are able to retain homeownership when they encounter a temporary financial hardship (e.g., serious illness, short-term unemployment, major home repair, etc.) out of their control and need assistance addressing a brief delinquency period after such hardship. The aforementioned incentives are in effect to strongly encourage mortgage servicers in helping FHA fulfill its overarching mission.

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

The Privacy Act of 1974 protects respondents who meet the information reporting requirements.

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.

Estimates of the hour burden of the collection of information: Respondents are mortgagees who are also known as lenders that service loans and have varied volumes of loan portfolios. The number of respondents can vary depending on the type of activity. In the example below, 298-305 respondents are involved with Loss Mitigation and 225 are examined for the Tier Ranking System. The numbers of respondents involved with home-owner or mortgagor activity varies from 1,575 to 368,626 depending on the type of loss mitigation option that is utilized. Obviously, we are hoping to assist more mortgagors through a permanent home retention loss mitigation tool such as an FHA-HAMP loan modification or partial claim (368,626) than are assisted using a home disposition Deed in Lieu of Foreclosure (1,525).

FHA has been stable over the past 3 years due to the slight growth in the number of FHA-insured mortgage loans. FHA-insured mortgage loan products have become the “only game in town” for new homeowners since the private sector has tightened lending requirements on the conventional loan market. The FHA-insured mortgage loan portfolio grew from 5.2 million in 2009 to 7.7 million in 2015, a 48 percent increase in comparison to 7.7 million in 2015 to 8 million in 2018, a 3 percent increase. With this slight increase in market shares, the current environment appears to have stabilized as the number of respondents, responses and annual burden hours Loss Mitigation activity slightly decreasing.

Information Collection	Number of Respondents	Response Frequency (Average)	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
<b>FHA-Insured Mortgage Loss Mitigation Program</b>							
<b>Special Forbearance (SFB) Unemployment Agreement</b>							
SFB Evaluation	300	16.67	5,001	4	20,004	\$20.00	\$400,080
Mortgagor Activity	11,100	1.00	11,100	1	11,100	\$20.00	\$222,000
SFB Written Payment Plan	300	16.67	5,001	2	10,002	\$20.00	\$200,040
HUD Approval, Optional	300	1.85	554	1	554	\$20.00	\$11,080
SFB Record Retention	300	16.67	5,001	1	5,001.00	\$20.00	\$100,020
<b>(FHA-HAMP) Loan Modification and Partial Claim</b>							
FHA-HAMP Evaluation	300	608.37	182,510	4	730,040.00	\$20.00	\$14,600,800
Mortgagor Activity	368,626	1.00	368,626	1	368,626.00	\$20.00	\$7,372,520
FHA-HAMP Written Plan	300	608.37	182,510	2	365,020.00	\$20.00	\$7,300,400
FHA-HAMP Record Retention	300	608.37	182,510	1	182,510.00	\$20.00	\$3,650,200
<b>Pre-foreclosure Sale (PFS)</b>							
PFS Evaluation	305	73.48	22,410	4	89,640.00	20.00	\$1,792,800
Mortgagor Activity	24,700	1.00	24,700	1	24,700.00	\$20.00	\$494,000
PFS Claim for Benefits	305	73.48	22,410	1	22,410.00	\$20.00	\$448,200
Notice of Foreclosure	305	73.48	22,410	0.25	5,602.50	\$20.00	\$112,050
HUD-2008-5-FHA Save Your Home: Tips to Avoid Foreclosure	305	73.48	22,410	0.25	5,602.50	\$20.00	\$112,050
HUD-90035, Information Sheet PFS Procedure	305	73.48	22,410	0.25	5,602.50	\$20.00	\$112,050
Request for Financial Information	305	73.48	22,410	0.25	5,602.50	\$20.00	\$112,050
HUD-90041 Request for Variance PFS Procedure	305	7.26	2,214	0.25	553.50	\$20.00	\$11,070
PFS Denial	305	3.67	1,120	0.25	280.00	\$20.00	\$5,600
HUD-90045 Approval to Participate Property Sales Information Property Occupancy and Maintenance PFS Procedure	305	73.48	22,410	0.15	3,361.50	\$20.00	\$67,230
HUD-90051 Sale Contract Review PFS Procedure	305	73.48	22,410	0.25	5,602.50	\$20.00	\$112,050
HUD-90052 Closing Worksheet PFS Procedure	305	73.48	22,410	0.25	5,602.50	\$20.00	\$112,050
IRS Form 1099-A "Acquisition or Abandonment of Secured Property"	305	73.48	22,410	0.25	5,602.50	\$20.00	\$112,050
PFS - HUD-27011 Single Family Application for Insurance Benefits	305	73.48	22,410	0.50	11,205.00	\$20.00	\$224,100
PFS Record Retention	305	73.48	22,410	0.50	11,205.00	\$20.00	\$224,100
<b>Deed-in-Lieu of Foreclosure (DIL)</b>							
DIL Evaluation	298	5.24	1,563	4	6,252.00	\$20.00	\$125,040
Mortgagor Activity	1,525	1.02	1,563	1	1,563.00	\$20.00	\$31,260
CAIVRS Review	298	5.24	1,563	0.25	390.75	\$20.00	\$7,815
Non-Corporate Request for DIL	298	5.24	1,563	0.50	781.50	\$20.00	\$15,630
Corporate Request for DIL	298	0.52	155	0.50	77.50	\$20.00	\$1,550

Information Collection	Number of Respondents	Response Frequency (Average)	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
HUD Approval, "Corporate Only"	298	0.52	155	1.00	155.00	\$20.00	\$3,100
DIL - HUD-27011 Single Family Application for Insurance Benefits	298	5.24	1,563	0.50	781.50	\$20.00	\$15,630
DIL Record Retention	298	5.24	1,563	1.00	1,563.00	\$20.00	\$31,260
<b>Tier Ranking</b>							
Mortgagee Communication (verbal/email)	225	2.69	606	1.00	606.00	\$20.00	\$12,120.00
Totals	414,022		1,205,241		1,896,394.75		\$37,927,895.00

Average hourly wage rate based for mortgage loan clerk of the U.S. Department of Labor, Bureau of Labor Statistics website [https://www.bls.gov/oes/current/oes\\_nat.htm](https://www.bls.gov/oes/current/oes_nat.htm) at approximately \$40,610 annually.

13. Provide an estimate for the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

\* The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.

\* If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collections services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.

\* Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

There are no additional costs to the respondents.

14. Provide estimates of annualized costs to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies may also aggregate cost estimates from Items 12, 13, and 14 in a single table.

Estimated Burden and annualized costs to the Federal government:

Information Collection	Annual Responses	Burden Hours per Response	Annual Burden Hours	Hourly Cost	Annual Cost
<b>Deed-In-Lieu of Foreclosure</b>					
Non-Corporate Request for DIL	1,563	1.00	1,563	30.90	48,296.70
Corporate Request for DIL	155	1.00	155	30.90	4,789.50
<b>Tier Ranking</b>					
Letters to Mortgagees (email)	202	4.00	808	\$30.90	24,967.20
Mortgagee Communication – verbal/email	404	1.00	404	\$30.90	12,483.60
<b>Totals</b>	<b>2,3240</b>		<b>2,930</b>		<b>90,537.00</b>

The hourly cost is based on a GS12 Step1 CY2019 General Schedule Base Annual Rate of \$64,490.

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 a currently approved collection. Economic conditions over the past few years have caused re-default rates on FHA-insured mortgage loans to practically remain the same, which also caused decreases in loss mitigation cases. The FHA-insured mortgage loan portfolio grew from 5.2 million in 2009 to 7.7 million in 2015, a 48 percent increase in comparison to 7.7 million in 2015 to 8 million in 2018, 3 percent increase. With this slight increase in market shares, the current environment appears to have stabilized and a decreased participation in FHA’s Loss Mitigation Program occurred.

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.

There are no plans to publish this collection of information for statistical use.

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.



HUD is not seeking approval to avoid displaying the expiration date.

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, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.

**B. Collections of Information Employing Statistical Methods**

This collection of information does not employ statistical methods.