

# Supporting Statement for Paperwork Reduction Act Submissions

## Single Family Application for Insurance Benefits

OMB Control Number 2502-0429

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

### 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.**

The National Housing Act (Pub. L. 73-479, 48 Stat. 1246, 12 U.S.C. 1701, *et seq.*) (Act) authorizes the Secretary of the U.S. Department of Housing and Urban Development (HUD or Department) to insure financial institutions against losses as a result of Mortgagor defaults on Single Family Mortgages. The Act also allows HUD to deal with, complete, rent, renovate, modernize, insure, or sell for cash or credit, at his/her discretion, any properties conveyed to the Department under contracts of mortgage insurance. The regulatory authority for this collection of information is specifically set forth in Title 24 of the Code of Federal Regulations (CFR) in numerous locations: 24 CFR 203.350, 203.355, 203.357, 203.359, 203.360, 203.362 through 203.365, 203.368, 203.369, 203.377, 203.378, 203.379, 203.381, 203.382, 203.389, 203.402, 203.414, and 203.670 through 203.681.

Federal Housing Administration (FHA)-insured mortgage loan servicing involving the claims and conveyance process, property inspection, and preservation program guidance is described in FHA's Single Family Housing Policy Handbook 4000.1 (Handbook 4000.1), Sections III.A.2.a.-n. and p.-u., III.A.3.b.-c., and IV.A.l.-6.

**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.**

The respondents for this collection of information are Mortgagees that service FHA-insured mortgage loans; Mortgagors who are the homeowners; and the Mortgage Compliance Manager (MCM) contractor who manages HUD's Single Family real estate owned (REO) activities.

This information collection is based on the claim activity involving the FHA-insured mortgage loan servicing of foreclosed mortgage loans after the foreclosure sale. In recent years, improved market conditions post-recession and the increased use of the HUD Claim Without Conveyance of Title (CWCOT) for disposition of foreclosed properties have decreased conveyance claims.

## Property Preservation and Disposition Claims

The filing of claims for FHA-insurance benefits to the Department are covered in this collection, including activities related to property preservation, pre-conveyance, and post-conveyance requirements.

### **Form HUD-27011, *Single-Family Application for Insurance Benefits***

Authority for obtaining this information is provided in Section 204(a) of the Act (12 U.S.C. 1710(a)) which outlines the terms and conditions under which the Secretary of HUD may pay insurance benefits to a Mortgagee for any FHA-insured mortgage. Regulations are found in 24 CFR 203.350 through 203.414. Form HUD-27011, *Single-Family Application for Insurance Benefits*, is the only form HUD uses to allow Mortgagees to file a claim for insurance benefits on Single Family Mortgages. Disposition Options for defaulted borrowers include, but are not limited to, assumptions, special forbearances and partial claim mortgages. Information regarding the verification of residence and employment, condition of property, short and long-term plans for housing, assets and income, and access to financial assistance services may be collected for evaluation of appropriate loss mitigation.

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

- The type of property information collected may include: property appraisal; evidence of property damage to include, but not limited to, tornado, boiler explosion, fire, flood, earthquake or Mortgagee neglect (Surchargeable Damage); evidence of damage or destruction of vacant or abandoned properties; approvals to convey a damaged property; evidence of vacancy or abandonment; documentation of property and preservation actions performed; date damage occurred; estimate of recovery or damage; property tax information including paid receipts or invoices and supporting documentation; certification of property condition; special assessments; hazard insurance; insurance settlement for damage to the property; occupants of property and date vacated; title evidence (including easements, encroachments, violations of codes, or covenants); oil, water, or mineral rights; other liens on the property; charges for community owned property; assignment information; acceptance of Deed-in-Lieu (DIL) of Foreclosure; documentation for Pre-Foreclosure Sale (including the borrower's application to participate in the program, the lender's approval, and evidence of housing counseling to the borrower); and documentation of first legal action taken to institute foreclosure, to include, but not limited to, the recorded complaint.
- The type of property expenses may include: disbursements for protection and preservation; property inspection reports; rental income/expense; attorney/trustee fees; mortgage insurance premiums; lost opportunity costs; advertising; eviction expenses; uncollected interest; foreclosure action (including notice of default, notice of sale, conducting the sale, transfer of title, recording of documents, and transfer of funds); costs of sale (discount points, sales commission, recording fees, servicing charge, termite report, and title insurance); and correction of any title defects.

- The type of borrower information may include: financial information; verification of employment; original credit and security instruments; underwriting documentation; redemption documentation; receipt of sale funds; loan payment history; loan modification (if applicable); firm commitment; mortgage insurance certificate; deed to the Secretary of HUD, his successors, and assigns filed for record; transmittal letter to recording authority; subordinate liens for partial claims; notice of default; borrower meetings; documents signed to modify the loan; late fees; penalties; non-sufficient check fees; loan subordination information; bankruptcy filing, initiation document, discharge notice, release, and/or dismissal; and deficiency judgment, if any, after foreclosure.
- The type of information may include form HUD-27011, Part D filed with the original claim submission.

**Form HUD-27011**, *Single Family Application for Insurance Benefits*, is a multi-use form where Home Equity Conversion Mortgage (HECM) program information collection is reported under existing OMB control number 2502-0611 and DIL of Foreclosure or Pre-Foreclosure Sales claim types are covered under existing OMB control number 2502-0589.

### **Transfer of Property and Conveyance of Title**

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

### **Reconveyance of Title**

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

Generally, the property condition will be undamaged by Surchargeable Damage when a Mortgagee conveys the title and property to HUD (24 CFR 203.378 and 203.379). Additionally, Mortgagees are also responsible for loans in default and properties that are vacant or abandoned; when such damage or destruction is due to the Mortgagee's failure to take reasonable action to inspect, protect, and preserve the property.

For example, 24 CFR 203.377 makes the Mortgagee "responsible for a visual inspection of the security property to determine whether the property is vacant . . . and shall take reasonable action to protect and preserve such security property when it is determined to be vacant or abandoned." The regulations at 24 CFR § 203.379 set forth the conditions for adjustment to insurance benefits in cases of damage or neglect.

In some cases, with HUD approval, damaged properties may be accepted. The Mortgagee will provide a written request with a full written description of the circumstances. The written description should contain the reason the Mortgagee does not wish to make repairs and an estimate by the Mortgagee of the cost of repairs. The amount of the insurance recovery, if any, should be noted. In the event HUD approves the acceptance of a property that has Surchargeable Damage, HUD will make an adjustment for damage or neglect to the Mortgagee's claim for insurance benefits.

Mortgagees must have documentation in their Claim Review File to support their certification that they are entitled to file a claim and to convey a fire-damaged property without penalty where fire insurance was not available. The only entity responsible for this certification is a Mortgagee that has a property that suffered fire damage prior to conveyance to HUD. If the situation surrounding the inability of the Mortgagee to have the property fully insured met all the criteria in 24 CFR 203.379(a)(2), then the Mortgagee's reduction for the damage would be limited to the amount of insurance. The Mortgagee would certify pursuant to 24 CFR 203.379(a)(2); this is a rare occurrence.

### **Claims Without Conveyance of Title (CWCOT)**

Section 426 of the Housing and Urban-Rural Recovery Act of 1983 (Pub. L. 98-181, 97 Stat. 1218, 12 U.S.C. 1710) amended Section 204(a) of the Act authorizing payment of insurance benefits for CWCOT without conveying title of the foreclosed properties to HUD. On August 1, 1990, the CWCOT regulatory procedure was adapted for use only in cases involving deficiency judgments or other situations where HUD either requests or requires a Mortgagee to obtain a property appraisal and to use CWCOT. FHA's policy effective February 1, 2015, requires all Mortgagees to use CWCOT for foreclosure sale and Post-Foreclosure Sales Efforts. According to 24 CFR 203.368, the CWCOT procedure requires Mortgagees to bid the Commissioner's Adjusted Fair Market Value (CAFMV) at the foreclosure sale of a property securing an FHA-insured mortgage. The property's CAFMV is defined as its fair market value less adjustments as the Commissioner deems appropriate.

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

After the property's appraised value has been established, employees of a Mortgagee authorized to access the CAFMV link in FHA Connection should visit <https://entp.hud.gov/clas/index.cfm> to determine a property's CAFMV. In determining a property's CAFMV, a "Competitive Sale" is when a Mortgagee elects to use an independent third-party provider (e.g., an auction company) to conduct the foreclosure sale or in connection with any Post-Foreclosure Sales Efforts and the property is marketed for a minimum of 15 days. A "Non-Competitive Sale" is when a Mortgagee elects not to use an independent third-party provider (e.g., an auction company) to conduct the foreclosure sale or in connection with any Post-Foreclosure Sales Efforts and/or the property is not marketed for a minimum of 15 days. Where the Mortgagee is the successful bidder, the Mortgagee may elect to either retain title to the property or convey title to the property to HUD. In either case, the Mortgagee must file its claim for benefits within 30 days after acquiring good marketable title to the mortgaged property.

## **Property Inspection and Preservation**

The Mortgagee is responsible for the inspection and preservation of properties by taking reasonable actions to protect the value of the security until title can be conveyed to HUD (24 CFR 203.377). Inspections are identified as initial, occupancy, and vacant. The initial and vacant inspections are required by HUD regulations. The occupancy inspection is necessary to determine when foreclosure action must be initiated and when protection and preservation action must be taken if the Mortgagee cannot determine the occupancy status. The Mortgagee is required to protect and preserve the property until it is conveyed to HUD.

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

There are five types of property inspections: occupancy inspections, initial vacant property inspections, vacant property inspections, voluntary pre-conveyance inspections, and eviction inspections.

### **Form HUD-9519-A, *Property Inspection Report***

Form HUD-9519-A, *Property Inspection Report*, is an inspection form used by Mortgagees, HUD staff, and HUD contractors to determine the occupancy and condition of both FHA-insured homes as well as properties acquired by or owned by HUD. All reports completed by the Mortgagee must be maintained in the Mortgagee's case file and provided to HUD or the MCM upon request.

### **Occupancy Inspections**

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

### **Initial Vacant Property Inspections**

An initial vacant property inspection, also called the "initial inspection," is performed on the date a Mortgagee first takes physical possession of a property by securing it. This should be as soon as reasonably practical but no more than five days following the determination that the property is abandoned. If the occupancy inspection identifies an imminent source of property damage or a health and safety hazard (e.g., flowing water, collapsed roof, gas leak, etc.), the Mortgagee must take action to remediate the damage/hazard no later than 48 hours following discovery.

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

### **Vacant Property Inspections**

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

### **Voluntary Pre-Conveyance Inspections**

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

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

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

### **Eviction Inspections**

Mortgagees are required to perform an eviction inspection within 72 hours of a scheduled eviction when there is doubt that the property is vacant. The eviction inspection will be reimbursable as a vacant property inspection. When an inspection is already scheduled for the same week as the eviction, the eviction inspection must be performed within 72 hours of the eviction date. Mortgagees are to confirm the scheduled eviction the day before or morning of the scheduled eviction to be eligible to claim one hour of labor per person for a canceled or rescheduled eviction. Mortgagees should document the name of the person or place called, the date, time of the call, and results of the call in the Claim Review File.

### **Form HUD-9539, *Request for Occupied Conveyance***

Occupied conveyance regulations at 24 CFR 203.670 through 203.681 state that at least 60 days, but not more than 90 days, before the date on which the Mortgagee expects to acquire title to the property, the Mortgagee shall notify the Mortgagor and each head of household who is occupying a unit of its potential acquisition by HUD. Mortgagees are required to provide a notice of acquisition to Mortgagors and to any occupant of the property. In its first notice to the occupant, the Mortgagee informs the occupancy of his/her rights and includes the conditions for continued occupancy; form HUD-9539, "Request for Occupied Conveyance," is sent at this time.

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

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

In most cases, the Mortgagees will not board up vacant properties, but in a minority of cases, there may be cause for preservation and protection of the property. Actions may be taken on a case-by-case basis after they are reviewed and approved by the MCM contractor. HUD allows certain amounts for lenders to spend on the preservation and protection of mortgaged properties. If a specific service cannot be performed at the scheduled rate, the lender must request HUD permission to exceed that cost limit via P260. Pursuant to 24 CFR 203.402(g)(1) and (g)(2), prior approval of HUD is required to exceed scheduled amounts. Form HUD-50002, *Request to Exceed Cost and Protection Limits for Preservation*, is used for this collection of information. Collection of information and FHA documentation is retained for a period of three years and may be stored in paper or electronic media after final and supplemental payments.

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

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

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

The Mortgagee will furnish HUD with documents and information for a HUD claims review that consists of a copy of the deed, fiscal data pertaining to the mortgage loan transaction, and additional information that HUD may require (24 CFR 203.365). The Mortgagee must maintain a claim file containing the documentation supporting all information submitted to claim payment for at least three years after the claim has been paid. HUD may request the Mortgagee provide a file of the claim within 24 hours.

The Mortgagee may foreclose and be required to pursue a deficiency judgment if required by HUD. Deficiency judgments are generally being pursued department-wide, except where state law makes them impossible or highly impracticable (24 CFR 203.369 and 203.402(o)). The

local HUD offices use internal data pertaining to defaults and foreclosure to identify Mortgagors against whom deficiency judgments should be sought or the Mortgagee can initiate the process by notifying HUD. Deficiency judgments pursued by Mortgagees must be assigned and transmitted to the appropriate HUD office within 30 days of being obtained. HUD will utilize various methods to collect once the judgments have been assigned.

If the Mortgagee fails to comply with HUD regulations, HUD may hold processing of the claim for insurance benefits in abeyance for a reasonable time in order to permit the Mortgagee to comply. HUD may re-convey title of the property to the Mortgagee and cancel the application for insurance benefits without prejudice to the rights of the Mortgagee to reapply for insurance benefits at a subsequent date (24 CFR 203.363).

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

### **Presidentially Declared Major Disaster Areas Partial Claims**

HUD assists mortgagors affected by destruction caused during natural disasters in Presidentially Declared Major Disaster Areas. HUD, working with Mortgagees, states, and other agencies or departments, provides guidance and direction. For example, in 2018, the state of Texas established an action plan for use of HUD's Community Development Block Grant (CDBG) funds. In connection with its CDBG Homeowner Grant Assistance Program, Mortgagors who suffered flood damage from Hurricane Harvey to a primary residence in a FEMA-designated Special Flood Hazard Area as of August 25, 2017, may receive assistance to repair under-insured property or bring the mortgage current. In exchange for the grant payment, a qualifying Mortgagor must agree to have certain covenants placed on the property and all existing lien holders must subordinate their liens to those covenants. HUD may hold a junior lien on an eligible property as security for a partial claim payment and may have to subordinate the lien to the state required covenants for the Mortgagor to receive state CDBG funds.

### **Accelerated Claims (601)**

Section 601 of the Departments of Veterans Affairs and HUD, and Independent Agencies Appropriations Act, 1999 (Pub. L. 105-276, 112 Stat. 2670-2680, 12 U.S.C. 1710) (1999 Appropriations Act) passed on October 21, 1998, reformed the Single Family claims and property disposition process. The legislation enables HUD/FHA to: (i) pay claims upon assignment of mortgages rather than only upon conveyance of the properties; (ii) take assignment of notes and transfer them to private parties for servicing, foreclosure avoidance, foreclosure, property management, and asset disposition; and (iii) participate as an equity partner with private entities in asset disposition. The Accelerated Claims Disposition (ACD) Demonstration enables Mortgagees to avoid the costly foreclosure process by selling defaulted loans to HUD, thereby adding to the overall servicing value of FHA-insured loans.

The 1999 Appropriations Act provides HUD with additional flexibility to choose the most cost-effective methods of paying insurance claims and disposing of acquired notes or properties under



the FHA Single Family programs. The ACD program allows for the sale to HUD of defaulted mortgage notes with a high potential for foreclosure, thereby resulting in payment of the full legal debt. The 1999 Appropriations Act authorizes HUD to take assignment of notes and transfer them to private parties for servicing, foreclosure avoidance, property management, and asset disposition. Section 601(d) of the 1999 Appropriations Act amends Section 204(g) of the Act to allow a structured financing for asset disposition in which HUD retains an equity interest. This authority for HUD to be an equity participant in private entities, like the FHA multifamily disposition program, has the potential to increase the value of the assets and, therefore, the return to FHA. FHA has adopted a program that will take advantage of the authority granted in this legislation. The objective of the program is to maximize the sales proceeds to FHA and ensure the FHA's public policy issues are addressed while disposing of the assets in the most efficient manner.

### **Form HUD-50012, *Mortgagee's Request for Extensions of Time***

Requests for extensions of time are found at 24 CFR 203.355, 203.357, 203.359, 203.363, and 203.365. FHA Mortgagees submit *Mortgagee's Request for Extensions of Time* electronically into HUD's Internet-based electronic systems of record: Extensions and Variances Automated Requests System (EVARS) or Asset Disposition and Management System (ADAMS/P260) if it is not possible to take certain actions within specific time limitations. If HUD finds after notice of default that the delay was due to circumstances beyond the control of the Mortgagee, HUD may, upon such terms and conditions as prescribed, approve the request of the Mortgagee for an extension of the time for curing the default, commencing foreclosure proceedings, or acquiring title to the mortgaged property. This information collection is used by HUD to evaluate and respond to requests for extensions of regulatory time limits within which specific foreclosure processing steps must be taken. The request for an extension of time must be submitted electronically and filed with HUD prior to the expiration of the due diligence time frames. Mortgagees may provide the print-out from EVARS of the supporting documentation for all automatic extensions and the printout of the MCM contractor's approval (form HUD-50012) from ADAMS/P260 or support for the Single-Family Loan Sale (SFLS) Claim Identification Date.

The electronic form is submitted through ADAMS/P260 to the MCM contractor who documents its decision on the electronic form, and it is returned to the Mortgagee through ADAMS/P260, who maintains the approved or denied request in the claim file. This single form documents both the request for extension and HUD's approval or denial and is easily maintained in the Mortgagee's claim file.

Form HUD-50012, *Mortgagee's Request for Extensions of Time*, is a multi-use form where Home Equity Conversion Mortgage (HECM) program information collection is reported under existing OMB control number 2502-0611.

**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 include large, medium, and small mortgage loan lenders and servicers. The one thing these entities have in common is an automated mortgage loan servicing platform that has the

capability of servicing various types of loans and investors. Information is reported to HUD 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 if the mortgage insurance Claim Review File can be provided to HUD within 24 hours of the request, depending upon the documentation requested.

HUD is considering replacing its manual/paper method to submit claims to a digital claim submission method.

**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 if 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. HUD will accept the various formats already in use by Mortgagees including small businesses if the information is complete.

**6. Describe the consequence to federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

The Department has worked in concert with the mortgage loan industry to establish regulations to benefit the mortgagor and our goals.

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

FHA insurance is an important source of mortgage credit for low and moderate-income borrowers and neighborhoods by helping families cure their delinquencies and retain their homes. Aiding these homeowners leads to more stable 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. 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 are required to report information to the agency more often than quarterly. HUD policy requires a loss mitigation evaluation no later than 90 days from the date of the first unpaid installment.

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

Respondents are required to prepare a written response to a collection of information in fewer than 30 days after receipt of it. HUD regulations define time periods for reporting to HUD delinquent FHA-insured mortgage loans and for performing an evaluation every 30 days while the mortgage loans are delinquent and in default;

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

Respondents are not required to submit more than an original and two copies of any document.

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

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 mortgage insurance claim is filed, the mortgagee must retain evidence of compliance with FHA servicing requirements in the mortgage insurance claim review file for at least seven years after the final claim or latest supplemental claim settlement date.

**\* 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;**

This collection is not connected with a statistical survey.

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

This collection does not require the use of a statistical data classification that has not been reviewed and approved by OMB.

**\* 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**

The information collections take into consideration the need to assure data confidentiality and provide adequate Privacy Act Statement notices where needed. Therefore this information collection does not include a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies

that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use.

**\* 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.**

This 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. 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, reporting format (if any), and 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 three years, even if the collection of information activity is the same as in prior periods. There may be circumstances that 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 Future Date Monday, March 9, 2020 (Volume 85, Number 46, Page 13671). 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. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.**

The collection of information does not provide for payments or gifts to respondents (Mortgagees).

**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 (Pub. L. 93-579, 88 Stat. 1896, 5 U.S.C. 552a) 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 of OMB Form 83-I.**

The collection of information has been updated with new figures to represent the Department’s current claims activity. As a result of this activity, a decrease in the number of responses, and annual burden hours occurred, particularly since most claims are filed electronically. The number of respondents increased from 357 to 440, who are Mortgagees that service FHA-insured mortgage loans.

Estimates of burden hours:

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
<b>Property Preservation and Disposition Claims</b>							
Requests for Occupied Conveyance HUD-9539	100	15.54	1,554.00	0.25	388.50	\$20.00	\$7,770.00
<b>Unoccupied Conveyance</b>							
Mortgagee’s Request for Extension of Time HUD-50012	340	196.60	66,844.00	0.25	16,711.00	\$20.00	\$334,220.00
Claims HUD-27011	340	234.64	79,777.60	1.33	106,104.21	\$20.00	\$2,122,084.16
Transfer of	340	155.34	52,815.60	2.00	105,631.20	\$20.00	\$2,112,624.00

Property and Conveyance of Title							
Reconveyance of Title	340	2.56	870.40	2.00	1,740.80	\$20.00	\$34,816.00
Conveyance of Damaged Property	340	5.86	1,992.40	2.00	3,984.80	\$20.00	\$79,696.00
Occupancy Status Certification	340	234.64	79,777.60	0.50	39,888.80	\$20.00	\$797,776.00
Hazard Insurance Cancellation	340	234.64	79,777.60	0.50	39,888.80	\$20.00	\$797,776.00
HUD Claims Review	340	155.34	52,815.60	1.00	52,815.60	\$20.00	\$1,056,312.00
Optional Deficiency Judgment	340	0.03	10.20	2.00	20.40	\$20.00	\$408.00
Mortgagee Notice of Foreclosure	340	234.64	79,777.60	1.00	79,777.60	\$20.00	\$1,595,552.00
Request to Exceed Cost and Protection Limits for Preservation HUD-50002	340	855.32	290,808.80	0.50	145,404.40	\$20.00	\$2,908,088.00
<b>Claims Without Conveyance of Title</b>							
Evaluation	340	79.30	26,962.00	1.00	26,962.00	\$20.00	\$539,240.00
Mortgagee Notice of Foreclosure	340	79.30	26,962.00	1.00	26,962.00	\$20.00	\$539,240.00
Appraisal for HUD Approval	340	79.30	26,962.00	2.00	53,924.00	\$20.00	\$1,078,480.00
Claims HUD-27011	340	79.30	26,962.00	1.33	35,859.46	\$20.00	\$717,189.20
<b>Property Inspection and Preservation</b>							
Property Inspection Report HUD-9519-A	440	155.34	68,349.60	0.50	34,174.80	\$20.00	\$683,496.00
Occupancy Inspections	340	155.34	52,815.60	1.00	52,815.60	\$20.00	\$1,056,312.00
Initial Vacant Property Inspections	340	155.34	52,815.60	1.00	52,815.60	\$20.00	\$1,056,312.00
Vacant Property Inspections	340	155.34	52,815.60	1.00	52,815.60	\$20.00	\$1,056,312.00
Voluntary Pre-Conveyance Inspections	340	1.40	476.00	1.00	476.00	\$20.00	\$9,520.00
Pre-Conveyance Inspections with M&M	340	1.40	476.00	0.50	238.00	\$20.00	\$4,760.00

Involvement							
Eviction Inspections	340	2.80	952.00	1.00	952.00	\$20.00	\$19,040.00
Preservation and Protection	340	2.80	952.00	1.00	952.00	\$20.00	\$19,040.00
<b>Presidentially-Declared Disaster Area Partial Claims (PDPC)</b>							
Evaluation	300	0.28	84.00	4.00	336.00	\$20.00	\$6,720.00
Subordinate Lien	300	0.28	84.00	2.00	168.00	\$20.00	\$3,360.00
HUD-27011	300	0.28	84.00	0.50	42.00	\$20.00	\$840.00
<b>Accelerated Claims (AC)</b>							
AC Evaluation	100	2.94	294.00	2.00	588.00	\$20.00	\$11,760.00
Note Assignment and Transfer	100	2.94	294.00	2.00	588.00	\$20.00	\$11,760.00
HUD-27011 "Single-Family Application for Insurance Benefits"	100	2.94	294.00	1.33	391.02	\$20.00	\$7,820.40
<b>Totals</b>	<b>440*</b>		<b>1,125,455.80</b>		<b>933,416.19</b>		<b>\$18,668,323.76</b>

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.

\* There are 440 respondents for this information collection.

**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 of OMB Form 83-I).**

**\* 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, maintenance, and purchase of services component. The estimates should consider 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 of the OMB Form 83-I in a single table.

Information Collection	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost	Annual Cost
<b>Unoccupied Conveyance</b>					
Conveyance of Damaged Property	3,250	1.00	3,250.00	\$31.70	\$103,025.00
HUD-50002 "Request to Exceed Cost and Protection Limits for Preservation"	4,339	0.50	2,169.50	\$31.70	\$68,773.15
Mortgagee's Request for Extension of Time	5,651	0.50	2,825.50	\$31.70	\$89,568.35
<b>Claims Without Conveyance of Title</b>					
Appraisal for HUD Approval	325	1.00	325.00	\$31.70	\$10,302.50
<b>Totals</b>	<b>13,565</b>		<b>8,570</b>		<b>\$271,669.00</b>

The hourly cost is based on a GS-12 Step 1 CY 2020 General Schedule Base Annual Rate of \$66,167.

**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 information collection. The collection of information has been updated with new figures to represent the Department's current claims activity. As a result of this activity, increase in the number of respondents occurred, decrease in the number of responses and annual burden hours occurred, particularly since most claims are filed electronically. Three forms were updated as indicated with the following minor edits.

Form Number	Minor Edits
HUD-9519-A	False claims certification language updated
HUD-9539	Realign 1 <sup>st</sup> paragraph, MCM website updated, removed Dear Sir and replaced with To Whom it May Concern
HUD-27011	False claims certification language updated and non-substantive revisions to the Public Reporting Burden

**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**

**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 whole collection. 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 collect and/or analyze the information for the agency.**

This collection of information does not employ statistical methods.