

Supporting Statement for Paperwork Reduction Act Submissions

FHA-Insured Mortgage Loan Servicing of Payments, Prepayments, Terminations, Assumptions, and Transfers OMB Control Number 2502-0595

HUD-92210.1

Model Document: Notice to Homeowner: Release of Personal Liability for Assumptions

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 (12 U.S.C. 1709) authorizes the Secretary of Housing and Urban Development to insure single-family mortgages to qualified borrowers (Mortgagors) in order to protect approved lenders (Mortgagees) against the risk of default. The activities and requirements for this Paperwork Reduction Act (PRA) are set forth in numerous locations of Title 24 of the Code of Federal Regulations (CFR), but specifically for the renewal of form HUD-92210.1, Federal Housing Administration (FHA) Monthly Mortgage Loan Payment, Prepayments, Paid in Full Statements and Prepayments in Full in 24 CFR 203.9, 203.20-203.25, 203.508, 203.552 - 203.558 and Assumptions in 24 CFR 203.258 and 203.512.

The assumptions program guidance is described in multiple sections of Handbook 4000.1, but predominately in Sections II.A.8.n, III.A.2.k.v.(P) and III.A.3.b.

- 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 are Mortgagees that service FHA-insured mortgage loans and the borrowers who are involved with the following activities.

FHA Monthly Mortgage Loan Payment, Prepayments, Paid in Full Statements and Prepayments in Full

A partial Prepayment is a payment of part of the principal amount before the date on which the principal is due.

A payoff or Prepayment in Full is the payment in whole of the principal amount of the mortgage note in advance of expiration of the term of the mortgage note.

FHA Monthly Mortgage Loan Payment, Prepayments, Paid in Full Statements and Prepayments in Full are common activities that are standard industry practice within the mortgage industry including all FHA, Veterans Administration (VA) and the Government Sponsored Enterprises. FHA does not impose additional burdens that differ from the mortgage industry; therefore, the Department has not ascribed any burden hours to these options.

Assumptions

Loan Assumptions, Change of Borrowers

All FHA-insured Mortgages are assumable. The Mortgagee must not impose, agree to, or enforce legal restrictions on conveyances or assumptions after closing except when:

- specifically permitted by HUD regulations; or
- the restriction had been specified in a junior lien granted to the Mortgagee after settlement.

The Mortgagee must review the mortgage documents to determine what restrictions have been placed on the Mortgage.

Form HUD-92210.1, *Approval of Purchaser and Release of Seller and Model Documents Notice to Homeowner: Release of Personal Liability for Assumptions*

The Mortgagee must review the mortgage documents to determine what restrictions have been placed on the Mortgage. The Mortgagee must send the applicable Notice to Homeowner: Release of Personal Liability for Assumptions to:

- all applicants for FHA-insured Mortgages, before settlement; and
- sellers or buyers who request information on HUD's creditworthiness review criteria or procedures for assumptions or releases from personal liability.

The execution of Form HUD-92210.1, *Approval of Purchaser and Release of Seller*, or other similar forms used by the Mortgagee, constitutes a formal release of liability. Only the Mortgagee can execute the release of liability. The Mortgagee is required to release all parties from liability when the assuming Borrower is found creditworthy as permitted by 24 CFR 203.258.

FHA-Insured Mortgage Terminations and Mortgage Loan Servicing Transfers

FHA-insured mortgage termination information collection is reported under existing OMB control number 2502-0414. Mortgage loan servicing transfers information collection is reported under existing OMB control number 2502-0422.

- 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 consists of large mortgage loan institutions, medium and smaller size banks, credit unions and sub-servicing organizations. The one thing these entities have in common is automated mortgage loan servicing platform 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 mortgage insurance 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 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.

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 Mortgages are unique in that they are assumable. FHA-insured mortgage financing is an important source of mortgage credit for low and moderate-income mortgagors.

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. 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. In addition, the Mortgagee must notify HUD via FHA Connection (FHAC) of assumptions within 15 days of any change of borrower or within 15 days of the date the Mortgagee receives actual or constructive knowledge of the transfer of ownership.

*** 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, 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 *Monday, May 18, 2020* (Volume 85, Number 96, Page 29738). 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 this 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. No. 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.**

Estimated Annualized Burden Hours and Costs

Information Collection	Number of Respondents	Frequency of Response	Responses Per Year	Burden Hour Per Response	Annual Burden Hours	Hourly Cost Per Response	Annual Cost
Assumptions							
Assumption with Mortgagee Approval	91	87	7,917	2.00	15,834.00	\$20.00	\$316,680.00
Approval of Purchaser and Release of Seller HUD-92210.1	91	87	7,917	.25	1,979.25	\$20.00	\$39,585.00
Totals	182		15,834		17,813.25		\$356,265.00

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 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 of the OMB Form 83-I 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
Assumptions					
Approval of Purchaser and Release of Seller HUD-92210.1	7,917	.25	1,979.25	\$31.70	\$62,742.23

The hourly cost is based on a GS12 Step1 CY2020 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.

The form HUD-92210.1, *Approval of Purchaser and Release of Seller* and Model document: *Notice to Homeowner: Release of Personal Liability for Assumptions* in this collection of information do have minor edits to the language contained in these documents. The form HUD-92210, *Request for Credit Approval of Substitute Mortgagor* is obsolete and no longer in use and thus, removed and retired from this information collection.

This is a revision of a currently approved collection because the estimates of respondents, responses and burden hours decreased due to removal/retiring of obsolete form HUD-92210, removal of FHA payment requirements that are standard practices within the mortgage industry where HUD ascribes no burden hours to these activities, and removal of duplicating mortgage insurance termination records archival because mortgage insurance termination is covered under existing OMB control number 2502-0414.

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 seeking to continue approval to avoid displaying the expiration date as a 5 CFR 1320(h)(1) exempt certification.

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.