

# Supporting Statement for Paperwork Reduction Act Submissions

## Performing Loan Servicing for the Home Equity Conversion Mortgage (HECM)

OMB Control Number 2502-0611

HUD-27011, HUD-50002, HUD-50012,  
Model Document - Home Equity Conversion Mortgage (HECM) Non-Borrowing  
Spouse Information Sheet  
Model Document - Home Equity Conversion Mortgage (HECM) Eligible Surviving  
Non-Borrowing Spouse Fact Sheet

### 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.**

National Housing Act (NHA) 255 (12 U.S.C. 1715z-20) as implemented in HUD regulations at 24 C.F.R. part 206. HECM program guidance is provided for in HUD HECM Handbook 4235.1, HUD Handbook 4330.1, Chapter 13, and Mortgagee Letters. Currently, the Federal Housing Administration (FHA) is drafting updates to the HECM Handbook which will be consolidated into the FHA Single Family Housing Policy Handbook 4000.1.

**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.**

HECM financing allows eligible homeowners 62 years of age or older to convert a portion of accumulated home equity into monthly streams of income or lines of credit. *See* 12 U.S.C. § 1715z-20(a). Unlike a traditional home equity mortgage where the borrower makes principal and interest payments to a mortgagee, with a HECM, the mortgagee pays the borrower. *See* 12 U.S.C. § 1715z-20(b)(3).

The HECM Program is the Department's reverse mortgage program and is a major part of the current reverse mortgage market. The borrower has no personal liability for payment of the outstanding mortgage balance and enforcement of the debt is only through the sale of the property. *See* 12 U.S.C. § 1715z-20(d)(7). The borrower may sell the property at any time for the lesser of the mortgage balance or the appraised value as determined under 24 C.F.R. 206.125(b) and, if the mortgage is due and payable at the time the contract for sale is executed, the borrower may sell the property for the lesser of the mortgage balance or five percent under the appraised value.

Pursuant to 24 C.F.R. 206.27(c), HECM loans become due and payable if a borrower dies and the property is not the principal residence of at least one surviving borrower, or a borrower conveys all his or her title in the property and no other borrower retains title to the property. HECM loans also may become due and payable, upon approval of the Secretary, if the property ceases to be the principal residence of a borrower for reasons other than death and the property is not the principal residence of at least one other borrower or the borrower(s) fail to perform an obligation under the mortgage enumerated in 24 C.F.R. 206.27. The enumerated provisions include keeping the property in good repair and payment of taxes, hazard insurance premiums, ground rents and assessments in a timely manner, except to the extent such property charges are paid by the mortgagee in accordance with in 24 C.F.R. 206.205. Additionally, the due and payable status may be deferred where there is an Eligible Non-Borrowing Spouse who remains in the property.

Mortgagees may submit claims for the payment of mortgage insurance benefits in accordance with 24 C.F.R. 206.123 and 24 C.F.R. 206.127 and the Secretary makes payments of acceptable claims under provisions of 24 C.F.R. 206.129.

This information request for OMB review is a comprehensive collection of requirements for mortgagees that service HECMs and the HECM borrowers who are involved with servicing-related activities. There are approximately ten mortgagee respondents. For most servicing activities, mortgagees use their own automated servicing systems to exchange information with HUD's Home Equity Reverse Mortgage Information Technology (HERMIT) system.

Mortgagees handle all ongoing servicing activities of HECM loans, to include the following servicing requirements:

#### **Set-Aside Account Administration**

**Collection and Accounting of Funds** - Borrowers may fund set-aside accounts by setting aside the funds required for either a fully funded or partially funded Life Expectancy Set-Aside (LESA) from the available principal limit at origination. Alternatively, where a borrower makes a 24 C.F.R. 206.205(d) set-aside election a borrower may fund the set-aside by having the mortgagee withhold funds from monthly payments due to the borrower or by charging such funds to a line of credit. For such elections, mortgagees must facilitate the periodic collection of funds from borrowers and maintain accounting records for these funds within their information systems and in HUD's HERMIT system.

**Use of Funds** - Funds in the set-aside accounts may only be used for property charges identified in regulations. Determining the appropriate use of funds requires information gathered from the borrower about outstanding and future property charge obligations.

**Set-Aside Account Administration** - Applicable requirements for set-aside accounts are described in 24 C.F.R. 206.205 and OMB Collection of Information 2502-0583.

**Property Charge Payments** - Funds in a set-aside will be used by the mortgagee to pay property charges on behalf of the borrower when those charges become due. Currently, property

charge payments are being made by the mortgagee for about 10 percent of the portfolio. For the remaining loans, borrowers are expected to make the property charge payments directly from their own funds. The number of current responses accounts for 10 percent of the portfolio of 600,000 loans and includes payment of taxes, insurance and in some cases, homeowner association (HOA) dues.

**Evidence That Property Charges Have Been Paid** - HUD regulations at 24 C.F.R. 206.205(e) require that borrowers, electing to pay property charges themselves, provide evidence of property charge payments they make to the mortgagee. If the borrower was either required to establish a fully funded LESA or had elected to have the mortgagee pay the property charges, then the mortgagee would be required to obtain the amounts due, and retain proof of payment after the charges are paid. Mortgagees use tax services to obtain tax information and bills, and after payment, mortgagees receive a receipt from the taxing authority. The tax service can also confirm that taxes were paid before the mortgagee receives the receipt. The total number of loans for which property charges are currently being paid by the borrower is estimated to be 90 percent of the portfolio of 600,000 loans, or 540,000.

**Set-Aside Items** - The appropriate actions to be taken by the mortgagee for the corresponding set-aside items are described in 24 C.F.R. 206.205 and OMB Collection of Information 2502-0583.

**Execution of Payment Plan Changes** - When a mortgagee is responsible to pay the borrower's property charges using funds withheld from term or tenure payments, and there are insufficient funds to pay those charges, it becomes necessary to execute a change in the payment plan. The mortgagee will initiate the preparation of the modified payment plan in response to the insufficiency of funds, and present the modified plan to the borrower for acceptance.

**Analysis of Set-Aside Accounts** – Mortgagees are required to perform an annual analysis for the LESA set-aside accounts to determine if there will be enough funds to make the upcoming property charge payments for the borrower or the semi-annual disbursements to the borrower. Mortgagees are required to notify the borrower if funds are exhausted or if there is an insufficient balance determination. Additionally, for a Borrower 24 C.F.R. 206.205(d) election set-aside, mortgagees are required to establish a system for periodic analysis of the amounts withheld from monthly payments no later than the end of the second loan year and must occur no less than annually thereafter. Currently, the number of accounts analyzed is assumed to be 10 percent of the portfolio of 600,000 loans. While information exchanges will flow from the analysis of set-aside accounts, the analysis itself does not invoke the PRA. The analysis of set-aside accounts is a necessary part of business operations, and may be considered best practice in the mortgage industry, and in the HECM industry segment.

There are three set-aside accounts that are used to pay borrower property charges: Borrower 206.205(d) Election Set-Aside, fully funded Life Expectancy Set-Aside (LESA) and partially funded LESA.

**Insufficient Amount Determination in Set-Aside Account** – For a Borrower 206.205(d) election set-aside, where a mortgagee’s analysis determines more funds will be needed to pay the upcoming year’s property charges, mortgagees are required to adjust the amount withheld from the borrower’s monthly payments and/or assessed against the borrower’s line of credit. If this occurs, the mortgagee must provide the borrower 10 days’ notice. For all other set-aside accounts, where there is an insufficiency determination, the mortgagee must inform the borrower that the borrower will not be responsible for the payment of property charges.

**Surplus in Set-Aside Account** – When appropriate, mortgagees are required to apply set-aside account overages to the account balance or return funds collected for purpose to pay property charges to the borrower or the borrower’s estate.

### **Providing Loan Information and Customer Services – Monthly and Annual Statements**

**Mortgage Balance Disclosures** – The mortgagee must provide the borrower with a written statement that details all account transactions that took place in the previous year. The annual notification is the subject of this request.

### **Mortgage Insurance Premiums (MIP) During Loan Servicing**

**Premium Types** – All HECMs mortgages require a mortgage insurance premium as a condition of insurance endorsement. There are two premium payment types:

- “Initial” or Upfront Premiums that are paid in a lump sum at loan origination; and
- “Monthly” premiums that accrue daily and are added to the borrower’s mortgage balance.

The “Initial” MIP payment, or any other term used to signify the Initial MIP payment are handled by HECM originators. Required burden hours for collection and processing of the premiums are detailed in OMB control number 2502-0524.

“Monthly” MIP: Mortgages are subject to the “monthly” MIP for the life of the mortgage. These premiums are added to the outstanding loan balance monthly.

**Monthly MIP Payments** – Monthly mortgage insurance premiums are submitted by the mortgagee through the HERMIT system.

### **Property Repair Administration**

**Requests for Disbursement of Funds** - Borrowers may make requests for disbursement of funds through the borrowers' lines of credit, or from repair set-aside accounts when repairs are completed, or from hazard insurance claim funds held by the mortgagees.

**Extension Request to Complete Repairs Required as a Condition of the Mortgage, Or to Initiate Foreclosure** - Borrowers may make requests for extension of time to complete repairs that are required as a condition of the mortgage. After the mortgagee receives the extension request from the borrower, they must forward the request to HUD for approval. When HUD responds, the mortgagee responds to the borrower.

**Report of Hazard Insurance Claims** - On occurrence of insured damage events, borrowers will file insurance claims under their hazard insurance policies. A borrower may submit insurance settlement proceeds to the mortgagee, and provide a letter of intent to perform repairs or to have the funds applied to the loan balance.

**Request for Inspection of Repairs to Release Funds** - After a borrower completes the necessary repairs to the property, the borrower will request that the mortgagee have the repairs inspected. Once the inspection is cleared, the funds will be released to the borrower and the repair contractor.

**Request for Excess Repair Set-Aside Funds to Be Disbursed to the Borrower or Moved into the Line of Credit after Repairs Are Completed** - Mortgagees will disburse funds to the borrower and repair contractors when the repairs are completed, and the inspections are cleared. If there are any excess funds after completion of the repairs, the borrower will advise the mortgagee whether the excess funds are to be paid to the borrower or left in the line of credit. The mortgagee will follow the borrower's instructions.

### **Certifications**

**Annual Occupancy Certifications** – As a requirement of the HECM, the borrower must certify that the home is being used as their principal residence at least once every twelve months. The mortgagees upload signed certifications into HERMIT, and this resets the timeline to prompt mortgagees to send the next year's certification requests. The borrower is also provided with a fact sheet and request for any non-borrowing spouses name, birthdate, and date of marriage to the borrower to assist in identifying any potential non-borrowing spouse. Additionally, where there is an Eligible Non-Borrowing Spouse, the borrower is required to also complete an annual certification for that spouse. During a deferral of due and payable status for an Eligible Non-Borrowing Spouse, the Eligible Non-Borrowing Spouse is required to certify annually.

**Non-Borrowing Spouse Contact in HERMIT** – Servicers must create a Non-Borrowing Spouse (NBS) "Contact" in the HERMIT system for all Non-Borrowing Spouses identified through responses received from their information collection requests. Borrowers must state whether they are legally married at the time of initial application and confirm this information at closing. To receive federal insurance benefits, lenders must obtain and verify the name, age, and social security number of any borrower. Lenders are also required to obtain and verify the name and social security number of any non-borrowing spouse that is eligible for a deferral of the due and payable status upon the death of the last borrower. (24 CFR 206.33 and 206.40). *At closing, lenders must obtain signed certifications from borrowers, Non-Borrowing Spouses, and non-borrowing owners.*

The certifications, which require no research on the part of borrowers and *non-borrowers*, outline the conditions under which the non-borrowing spouse may live in the home following the borrower's death or move to a health care facility, serve as evidence to their consent for their spouse or other *non-borrowing owner* obtaining the HECM, and acknowledgement of that the

property will serve as collateral for the HECM and the terms and conditions of the mortgage. (OMB Information Collection 2502-0524).

In addition, the Non-Borrowing Spouse's Date of Birth and the Date of Couple's marriage is collected in HERMIT as an industry standard for all loans with an NBS originated on or after 8/4/2014 and on any case where servicers are submitting an assignment request on older cases. Servicer may use HUD's Model Documents, *Home Equity Conversion Mortgage (HECM) Non-Borrowing Spouse Information Sheet* and *Home Equity Conversion Mortgage (HECM) Eligible Surviving Non-Borrowing Spouse Fact Sheet* to request this information collection.

### **Loss Mitigation**

**Request for a Change in Payment Plan** - After calculating the payment plan change, the mortgagee must send the payment plan change document to the borrower for signature. The borrower then must return the signed document to the mortgagee so that the change can be completed. The mortgagee will then make the change in HERMIT and upload the signed document into HERMIT.

**Referral to a HUD-approved Housing Counseling Agency** – The mortgagee is required to provide information to a delinquent borrower regarding local HUD-certified HECM counselors that can provide counseling assistance to help cure the delinquency. Some of the borrowers who are in default will be referred to HECM counselors.

**Referring the borrower to federal, state, or local programs for assistance** - Some of the borrowers who are in default will be referred by the lender or counselors to federal, state, or local programs for assistance.

**HECM Loan Refinance** – In servicing of a HECM delinquency, mortgagees are required to assess the borrower for ability to refinance the existing HECM into a new HECM to satisfy any outstanding arrearages for corporate advances made for property charges. HUD has determined that the process to assess borrowers for a new HECM through internal underwriting analysis requires no additional burden hours. The duties and responsibilities of the mortgagee for underwriting and funding a HECM loan are universal to the mortgage lending industry; therefore, no additional burden hours are assigned for the refinancing of a HECM in delinquency outside of what is expressed in OMB Information Collection 2502-0524.

**Attempting to Negotiate a Repayment Plan and Request for Financial Information** - Mortgagees are required to collect from borrowers all necessary information to evaluate options for curing HECM delinquencies. The most common delinquency is the failure of the borrower to pay property charges associated with the property securing the HECM loan. Due to the rising number of loans that fall into this category, the FHA has introduced special loss mitigation policies and procedures to help mortgagees work with borrowers to cure HECM delinquencies.

**Analysis** – The mortgagee is required to obtain from the borrower any documentation related to income, asset verification, expenses, and the amount of surplus income the borrower has available to repay the delinquency over time. The mortgagee may, at its discretion, obtain this

information in writing, via phone, during a personal interview or through a HUD- approved housing counselor who is providing counseling services to the borrower.

**Repayment Plan Implementation** – Based on the results of the financial analysis, the mortgagee shall determine the appropriate payment amount and period for a repayment plan agreement with the borrower. For each agreement made, the mortgagee must create written documentation describing the terms of the agreement. The number of mortgagees who enter a repayment plan and those who request a change in repayment plan each year is the number of new repayment plans that mortgagee administers annually.

**Repayment Plan Failures** – If the borrower does not perform on a repayment plan as agreed then the mortgagee must adhere to any guidance of performing additional loss mitigation steps before seeking approval from HUD to call the loan “Due and Payable”.

**Report Generation** - Mortgagees are required to report the status of all delinquent loans monthly into HERMIT. A reporting capability is desired to generate reports from the data in HERMIT. Currently no report generation capability exists. The reporting capabilities are expected to be available within the next 3 years. The burden hours and costs are retained as placeholders in anticipation of the reporting capability becoming available.

**Loss Mitigation Documentation** - Mortgagees are required to maintain documentation of all loss mitigation efforts, including, but not limited to, attempts to contact borrowers, communications with borrowers, referrals to housing counselors, financial data used in the analysis of surplus income, any documented proof of borrower hardship, and any certified agreements between the borrower and mortgagee. This documentation shall be maintained in a case record or claim file, or both as necessary, and uploaded to the HERMIT system.

### **Due and Payable Events**

**Requesting Due and Payable Designation** – For due and payable events that require HUD approval, the mortgagee must request HUD approval before a HECM loan may be called “Due and Payable”. Mortgagees are required to use the HERMIT system for this request. Not all loans that experience a due and payable event must immediately be declared or designated due and payable.

**Providing Legal Documents Such as Power of Attorney or Trust** - Borrowers are required to provide copies of legal documents such as a power of attorney or trust documents to the mortgagees when such documents are executed. Mortgagees will upload a copy of each such document into HERMIT. A loan will become due and payable if the borrower dies and the property is not the principal residence of at least one surviving borrower, or a borrower conveys his or her title in the property and no other borrower retains title to the property. Upon approval of the Secretary, a HECM loan may also be called “Due and Payable” if the property ceases to be the principal residence of at least one borrower or an obligation of the borrower under the mortgage is not performed. Legal documents would be generated from such activities.

**Borrower or Estate Notification of a Due and Payable Event** - Mortgagees must communicate with borrowers or their estates upon occurrence of a due and payable event, provide information regarding available options and obtain needed documentation of a borrower's death, title transfer, non-occupancy, or failure to perform an obligation under the mortgage.

**Due and Payable Notifications to Borrowers/Heirs/Estates** – After receiving approval of the Secretary, when needed, the mortgagee shall notify the borrower that the mortgage is due and payable.

**Due and Payable Notifications to HUD** – The mortgagee shall notify the Secretary whenever the mortgage is due and payable under the conditions stated in 24 C.F.R. 206.27(c)(1), or one of the conditions stated in 24 C.F.R. 206.27(c)(2) has occurred. Mortgagees are required to use the HERMIT system to provide the notification.

**Deferral of Due and Payable Status** – Where there is an Eligible Non-Borrowing Spouse, there may be a deferral of due and payable status. Where such a deferral occurs and an obligation of the mortgage is not met, a Mortgagee is required to provide notice to the Eligible Non-Borrowing Spouse.

#### **Post Due and Payable Event - Loss Mitigation Activities**

**Providing a Letter of Intent to Select an Option Other Than Foreclosure after Due and Payable Event** - When mortgagees engage borrowers in loss mitigation after a due and payable event, mortgagees may select an option other than foreclosure. The borrower must provide a letter of intent for the option selected. The options may include a payoff, sale of the property, or execution of a deed in lieu of foreclosure. The mortgagee will submit a copy of the letter of intent in HERMIT.

**Signature to a Deed In lieu of Foreclosure if that Option is Selected** - If a borrower selects a deed in lieu of foreclosure, the mortgagee will send the prepared deed to the borrower for signature. Borrowers must sign the deed and return it to the mortgagee for recording. An estimated 10 percent of those selecting an option other than foreclosure after a due and payable event will select the option to sign a deed in lieu of foreclosure.

**Providing a Listing Agreement and the Sales Contract** - If a borrower selects a sale and payoff, or short sale, the borrower must provide a listing agreement and the sales contract when an offer is received. The borrowers, heirs, or estates that select a sale and payoff, an estimated 90 percent of them will provide a listing agreement and the sales contract pursuant to a sale of the property.

#### **Mortgage Loan Servicing Transfers**

**Notification of Mortgage Transfers to HUD** – When a HECM is transferred from one mortgagee to another mortgagee; the original mortgagee must update the case file in HERMIT within 15 days of the transfer.



**Notification to Borrowers of Mortgage Servicing Transfers** - It is the responsibility of the receiving mortgagee to notify or arrange to notify the borrowers of the transfer of the mortgagee responsible for servicing their loan.

### **Other Information Exchanges**

**Claims-** Mortgagees may submit claims for the payment of mortgage insurance benefits in accordance with 24 C.F.R. 206.123 and 24 C.F.R. 206.127 and the Secretary makes payments of acceptable claims under provisions of 24 C.F.R. 206.129. 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. Most insurance claim forms are filed electronically using the FHA Connection (FHAC) or the Electronic Data Interchange (EDI).

**Borrower Requests for Partial Release** - On occasion, a borrower may wish to sell or convey a portion of the property covered under the mortgage to another party. An appraisal before and after the sale or conveyance will determine the value with and without the parcel to be released, and is used to determine if the remaining property has sufficient value to cover the mortgage debt. The borrower will submit the request with the appraisal to the mortgagee, who in turn will submit the documents to HUD. Once HUD approves or denies the request, the mortgagee will have responded to the borrower, who then can complete the process or not, depending on HUD's approval.

**Request for a Payoff Statement** - Some borrowers may wish to transfer the mortgaged property and pay off the HECM loan. Those borrowers will request a payoff statement from the mortgagees. When processing a borrower for a repayment plan prior to submitting a due and payable request, mortgagees must either pursue its option to solicit a loss mitigation workout or obtain a payoff from the borrower and respond to all borrower inquiries and requests for information about the mortgage. Such requests for information will include a loan payoff statement.

**Request for Appraisal to Sell the Property** – When a borrower wishes to sell or transfer the property, the mortgagee will request an appraisal and submit the results of the appraisal in HERMIT.

### ***Electronic HUD-50012, Extension and Automated Variances Requests (EVARS) New Extension Request and Form HUD-50002, Request to Exceed Cost Limits for Preservation and Protection***

Electronic form HUD-50012 information collected is used when servicers request approval for additional time to complete foreclosures or other required actions. The data for form HUD-50002 is used when servicers request approval for expenses outside of the standard allowable Property and Preservation expenses. Servicers enter this information directly into HERMIT and the ascribed burden hours to these forms are reported with one of the above listed accompanying transactions.

**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 handle all ongoing servicing activities of HECM loans, including remitting monthly insurance premiums to HUD. Mortgagees use their own automated servicing systems to exchange information with HUD's HERMIT system generally monthly. OMB Number 2502-0524 identifies a supporting document for the PRA package accompanying the release of HERMIT. The Supporting Document for OMB Number 2502-0524 included collections for origination and servicing activities that are reported into HERMIT system.

HECM servicing activities including information exchanges with HERMIT are described in this PRA collection. With the use of HERMIT, as well as other HUD systems, paper forms, HUD-50012, HUD-50002, and HUD-27011 information is collected electronically to reduce burden.

**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 activities 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.**

The information is required to ascertain whether the mortgagee has performed adequate and prudent mortgage loan servicing and whether the borrower has maintained full compliance with all provisions of the HECM. The information is necessary to protect the FHA insurance fund and the interests of industry participants and current and future borrowers. Without the collection of information, the Federal Program would be open to misuse and lead to an abundance of industry and consumer complaints. To maintain the integrity and solvency of the HECM program and provide necessary oversight, this information must be collected and reported to HUD through the HERMIT system.

**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. For example, Mortgagees are required to upload loan transactions into HERMIT at least monthly.

**\* 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. Mortgagees have the option to maintain mortgage loan documents in electronic or imaged format if hard copies can be printed and be provided to HUD within 24 hours of the request, depending upon the documentation request.

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

Respondents are not required to submit more than the 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**

This 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 unsupported by authority in statute or regulation, that is unsupported by disclosures.

**\* 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.**

In accordance with 5 CFR 1320.8(d), this information collection soliciting public comments was announced in the Federal Register on Friday, February 12, 2021 (Volume 86, Number 28, Pages 9359-9360).

HUD received comments during the 60-Day comment period that closed on April 13, 2021. The comments addressed HUD's consideration to retire the paper version of the Subject Forms and resumption of HERMIT working group meetings. HUD appreciated the comments, are taking them under consideration, and responded to these comments directly.

**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 or borrowers).

**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.**

This collection contains questions of a sensitive nature. Explanations to be given to persons from whom the sensitive information is requested from is provided in the pertinent Mortgagee Letters.

**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 Burden and Cost to Respondents:

Information Collection	Number of Respondents	Response Frequency (average)	Number of Responses	Burden Hour Per Response	Annual Burden Hours	Hourly Cost /Response	Annual Cost
Set-Aside Account Administration							
Collection and Accounting of Funds	10.00	60,000.00	600,000.00	None, this is an industry standard			
Use of Funds	10.00	60,000.00	600,000.00	None, this is an industry standard			
Set-Aside Account Administration	10.00	60,000.00	600,000.00	None, this is an industry standard			
Property Charge Payments	10.00	60,000.00	600,000.00	0.50	300,000.00	\$20.00	\$6,000,000.00
Evidence That Property Charges Have Been Paid	10.00	54,000.00	540,000.00	0.20	108,000.00	\$20.00	\$2,160,000.00
Set-Aside Account Items	10.00	60,000.00	600,000.00	None, this is an industry standard			
Execution of Payment Plan Changes	10.00	6,000.00	60,000.00	0.50	30,000.00	\$20.00	\$600,000.00
Analysis Set-Aside Account	10.00	60,000.00	600,000.00	None, this is an industry standard			
Insufficient Amount Determination in Set-	10.00	39,600.00	396,000.00	None, this is an industry standard			

Aside Account							
Surplus in Set-Aside Account	10.00	20,400.00	204,000.00	0.20	40,800.00	\$20.00	\$816,000.00
Providing Loan Information and Customer Services							
Monthly Statements	10.00	720,000.00	7,200,000.00	None, this is an industry standard			
Annual Statements	10.00	60,000.00	600,000.00	None, this is an industry standard			
Mortgage Insurance Premiums (MIP)							
Monthly MIP Payments	10.00	720,000.00	7,200,000.00	0.10	720,000.00	\$20.00	\$14,000,000.00
Property Repair Administration							
Requests for Disbursement of Funds	10.00	1,505.00	15,050.00	0.40	6,020.00	\$20.00	\$120,400.00
Extension Request to Complete Repairs Required as a Condition of the Mortgage	10.00	1,505.00	15,050.00	0.40	6,020.00	\$20.00	\$120,400.00
Report of Hazard Insurance Claims	10.00	1,505.00	15,050.00	0.40	6,020.00	\$20.00	\$120,400.00
Request for Inspection of Repairs in Order to Release Funds	10.00	1,505.00	15,050.00	0.40	6,020.00	\$20.00	\$120,400.00
Request for Excess Repair Set Aside Funds to Be Disbursed to the Borrower or Moved into the Line of Credit after Repairs Are Completed	10.00	1,505.00	15,050.00	0.40	6,020.00	\$20.00	\$120,400.00
Compliance							
Annual Occupancy Certification	10.00	60,000.00	600,000.00	0.10	60,000.00	\$20.00	\$1,200,000.00
Model Doc NBS Information Sheet	10.00	1.50	15.00	0.10	1.50	\$20.00	30.00
Model Doc NBS Fact Sheet	10.00	1.50	15.00	0.10	1.50	\$20.00	30.00
HECM Loss Mitigation							
Referral to HECM Counselor	10.00	3,612.00	36,120.00	0.10	3,612.00	\$20.00	\$72,240.00
Referring the borrower to federal or state or local programs for assistance	10.00	2,167.20	21,672.00	0.10	2,167.20	\$20.00	\$43,344.00
HECM Loan Refinance	10.00	103.20	1,032.00	0.50	516.00	\$20.00	\$10,320.00
Attempting to negotiate a repayment plan	10.00	7,200.00	72,000.00	0.50	36,000.00	\$20.00	\$720,000.00
Borrowers providing evidence of application to any such available programs	10.00	720.00	7,200.00	0.25	1,800.00	\$20.00	\$36,000.00

Borrower providing confirmation of approval for assistance	10.00	361.20	3,612.00	0.25	903.00	\$20.00	\$18,060.00
Execution of any agreed-upon repayment plan	10.00	3,250.80	32,508.00	0.50	16,254.00	\$20.00	\$325,080.00
Request for a Change in Payment Plan	10.00	812.70	8,127.00	0.25	2,031.75	\$20.00	\$40,635.00
Repayment Plan Administration	10.00	4,063.50	40,635.00	0.25	10,158.75	\$20.00	\$203,175.00
<b>Post Due and Payable Events</b>							
Providing a Letter of Intent to Select an Option Other Than Foreclosure after Due and Payable Event	10.00	6,000.00	60,000.00	0.25	15,000.00	\$20.00	\$300,000.00
Signature to a Deed in Lieu of Foreclosure If That Option Is Selected	10.00	1,806.00	18,060.00	0.25	4,515.00	\$20.00	\$90,300.00
Providing a Listing Agreement and the Sales Contract	10.00	1,625.40	16,254.00	0.25	4,063.50	\$20.00	\$81,270.00
Loss Mitigation Reporting	10.00	7,120.80	71,208.00	0.17	12,105.36	\$20.00	\$242,107.20
<b>Mortgage Loan Servicing Transfers</b>							
Notification to HUD	10.00	3,010.00	30,100.00	None, this is an industry standard			
Notification to Borrowers	10.00	3,010.00	30,100.00	None, this is an industry standard			
<b>Due and Payable Events</b>							
Requesting Due and Payable Designation	10.00	3,010.00	30,100.00	0.10	3,010.00	\$20.00	\$60,200.00
Providing Legal Documents Such as Power of Attorney or Trust	10.00	120.40	1,204.00	0.33	397.32	\$20.00	\$7,946.40
Borrower or Estate Notification of a Due and Payable Event	10.00	1,505.00	15,050.00	0.17	2,558.50	\$20.00	\$51,170.00
Providing Mortgagee with a Death Certificate or Evidence of Non-Occupancy	10.00	1,505.00	15,050.00	0.33	4,966.50	\$20.00	\$99,330.00
Due and Payable Notification to Borrower/Heirs/Estates	10.00	6,000.00	60,000.00	None, this is an industry standard			
Due and Payable Notification to HUD	10.00	6,000.00	60,000.00	0.10	6,000.00	\$20.00	\$120,000.00
<b>Other Information Exchanges</b>							
Claim submission via HERMIT (HUD-27011)	10.00	6,000.00	60,000.00	0.10	6,000.00	\$20.00	\$120,000.00

Borrowers' Requests for Partial Release	10.00	6,000.00	60,000.00	0.17	10,200.00	\$20.00	\$204,000.00
Requests for payoff Statements	10.00	6,000.00	60,000.00	0.17	10,200.00	\$20.00	\$204,000.00
Request for Appraisal to Sell Property if Not Due and Payable	10.00	6,000.00	60,000.00	0.17	10,200.00	\$20.00	\$204,000.00
Totals	10.00		21,345,312		1,451,561.88		\$29,031,237.60

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 10 mortgagees that service HECM mortgages.

**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 Annual Cost to the Federal Government:

Information Collection	Number of Responses	Burden Hour Per Response	Annual Burden Hours	Hourly Cost /Response	Annual Cost
<b>Property Repair Administration</b>					
Extension Request to Complete Repairs Required as a Condition of the Mortgage	15,050.00	0.20	3,010.00	\$ 41.37	\$ 124,523.70
<b>HECM Loss Mitigation</b>					
Borrower providing confirmation of approval for assistance	3,612.00	0.17	614.04	\$ 41.37	\$ 25,402.83
<b>Due and Payable Events</b>					
Requesting Due and Payable Designation	30,100.00	0.08	2,408.00	\$ 41.37	\$ 99,618.96
Due and Payable Notification to HUD	60,000.00	0.08	4,800.00	\$ 41.37	\$ 198,576.00
<b>Compliance</b>					
Annual Occupancy Certification	600,000.00	0.08	48,000.00	\$ 41.37	\$ 1,985,760.00
<b>Claims</b>					
Borrowers' Requests for Partial Release	60,000.00	0.08	4,800.00	\$ 41.37	\$ 198,576.00
Totals	768,762.00		63,632.04		\$2,632,457.49

The hourly cost is based on a GS12 federal employee salary CY2020.

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

This is a revision of a currently approved collection. Due to conditions in the mortgage banking industry, the HECM loan portfolio activity has remained the same, at approximately 600,000 loans. With this market stabilization, the information collection results in a minor increase in the estimated annual responses and annual burden hours. There are no substantive changes made to the forms.

**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 collection as a whole. If the collection had been conducted previously, include the actual response rate achieved during the last collection.**

**2. Describe the procedures for the collection of information including:**

- \* Statistical methodology for stratification and sample selection,**
- \* Estimation procedure,**
- \* Degree of accuracy needed for the purpose described in the justification,**
- \* Unusual problems requiring specialized sampling procedures, and**
- \* Any use of periodic (less frequent than annual) data collection cycles to reduce burden.**

**3. Describe methods to maximize response rates and to deal with issues of non-response. The accuracy and reliability of information collected must be shown to be adequate for intended uses. For collections based on sampling, a special justification must be provided for any collection that will not yield "reliable" data that can be generalized to the universe studied.**

**4. Describe any tests of procedures or methods to be undertaken. Testing is encouraged as an effective means of refining collections of information to minimize burden and improve utility. Tests must be approved if they call for answers to identical questions from 10 or more respondents. A proposed test or set of tests may be submitted for approval separately or in combination with the main collection of information.**

**5. Provide the name and telephone number of individuals consulted on statistical aspects of the design and the name of the agency unit, contractor(s), grantee(s), or other person(s) who will actually collect and/or analyze the information for the agency.**

This collection of information does not employ statistical methods.