

# Supporting Statement for Paperwork Reduction Act Submissions

## Title

OMB Control Number 2502-0041

(Forms)

*Assignment of Mortgage (all states except Louisiana)*

*Assignment of Mortgagee (for Louisiana)*

*Affidavit Of Lost Note*

*Allonge To Note*

*Assignment Of Building Loan Agreement*

*Assignment Of Hazard Insurance Policy*

*Assignment Of [Security Agreement] [Chattel Mortgage]*

*Assignment Of Performance Bond-Dual Obligee*

*Indemnification Assignment Note*

*Indemnification Assignment - Deed of Trust or Mortgage Sample*

*Indemnification Assignment - Security Agreement Sample*

*Indemnification Assignment - UCCS*

*Indemnification Lost Note (added)*

## 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. Include a statement regarding the changes for this submission. (Example: The changes for this submittal are as follows or the difference between this submission and the last is as follows....)**

The regulations at 24 CFR 207.256, 207.256a, and 207.258 require a mortgagee to notify HUD when a mortgage payment is in default (more than 30 days past due), when a mortgagee has reinstated a loan, and to submit an election to assign a defaulted loan to HUD within a specified timeframe from the date of default. The regulation at 24 CFR 200.120 and 200.121, Subpart B, requires lenders to submit delinquency, default, election to assign, and other related loan information statuses electronically to HUD. Lenders previously used HUD Form 92426 for these submissions, however, with the implementation of the regulation requiring electronic notification, the Multifamily Delinquency and Default Reporting System (MDDR) was established to replace the paper form HUD-92426. Attached are copies of the regulations which govern the collection of this information.

The difference between this submission and the last submission is that the numbers for the respondents and responses more accurately reflect the actual numbers of approved mortgagees (respondents) for the multifamily insured loan portfolio that can potentially submit data to the MDDR system, and an average number of submissions made during the last three fiscal years (responses).

**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.**

A mortgagee uses the MDDR system to submit a notice of fiscal delinquency when a mortgage

payment is not made within 15 days from its due date (from the due date stated in the promissory note). If the non-payment continues for 30 days from its due date, the mortgagee is entitled to receive the insurance benefits and the mortgagee is required, within 30 days thereafter to submit a notice of default. During this time, if the mortgagor remits payment to fully cure the defaulted amount, the mortgagee will then submit a reinstatement of the loan, or if sufficient funds are remitted for one month's payment, the mortgagee will submit a default update and roll the date of default forward by one month. If, however, the loan is not reinstated, in order to submit an application for insurance benefits, the mortgagee must elect to assign the defaulted loan to HUD by the 75<sup>th</sup> day from the date of default unless the mortgage is funded with the proceeds of bonds or is insured under Section 232 of the National Housing Act. If the mortgage is funded with the proceeds of bonds or is insured under Section 232 of the National Housing Act, the mortgagee must request a 90-day extension of the deadline for filing the notice of election to assign (see 24 CFR 207.258(a)(2)). A defaulted loan may not go more than the 75-day period, or 90-day period, as applicable, without an election to assign or an approved extension request. A mortgagee may also request an extension of the time to elect to assign a defaulted loan to HUD, providing supporting justification for the extension request, for the HUD field office to review and approve.

A mortgagee uses the MDDR system to submit a notice of election to assign the defaulted loan to HUD. The assignment, when accepted, requires a package of documents to be prepared and submitted at or before closing the assignment (see 24 CFR 207.258(b)). MDDR includes a link to HUD Form 2510- The Legal Instructions Concerning Applications for Full Insurance Benefits- Assignment of Multifamily and Healthcare Mortgages to the Secretary (the "Legal Instructions") (OMB Approval No. 2510-0006 (Exp. 10/31/2025)). The Legal Instructions specifies the legal documents that mortgagees must submit in connection with applications for insurance benefits. For the mortgagee's convenience, MDDR includes samples for the following documents required under the approved Legal Instructions: Assignment of Mortgage (all states except Louisiana), Assignment of Mortgage (for Louisiana), Affidavit of Lost Note, Allonge to Note, Assignment Of Building Loan Agreement, Assignment Of Hazard Insurance Policy, Assignment Of [Security Agreement] [Chattel Mortgage], Assignment Of Performance Bond-Dual Obligee, Indemnification Assignment Note, Indemnification Assignment - Deed of Trust or Mortgage, Indemnification Assignment - Security Agreement, Indemnification Assignment – UCCS, and Indemnification Lost Note. Mortgagee's counsel may use these sample documents in preparing the legal documents. Mortgagees must also prepare three HUD forms: HUD-1044-D, HUD-2537, HUD-2747, which are administered under other OMB approvals.

A mortgagor may also default under its business agreements with HUD, thus causing a covenant default, a violation of the Regulatory Agreement, and thus the mortgage, resulting in HUD requiring the mortgagee to accelerate the mortgage. This results in the mortgagee submitting a notice of covenant default to HUD and an ultimate election to assign the loan to HUD.

An FHA-insured loan may go in and out of different statuses during its life cycle, prior to the mortgagee making an election to assign. For example, a mortgagee may report a loan delinquent in a month and reinstated prior to the end of that month. This pattern of delinquency could occur every month.

HUD field and Headquarters staff use the data submitted in MDDR to monitor mortgagee compliance with HUD's loan servicing procedures and requirements, to monitor delinquent and defaulted loans to work with the owner/mortgagee to potentially reinstate the loan and avoid an assignment and insurance claim. Assignments can be costly to the government. The MDDR system is the only mechanism for mortgagees to report this data to HUD, and ultimately file for an insurance claim if a loan goes to assignment.

Link to the MDDR System:

<https://hudapps2.hud.gov/ssmaster/mddr/fha/portmain.cfm?CFID=134569&CFTOKEN=9dlbdb05141c568c-9DAD46A8-CDA3-1F1D-77C3190D135C4BC2>

**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.**

This collection of information is remitted by mortgagees electronically through MDDR, a web-based application system. The system was developed to replace the paper form HUD-92426 in compliance with the regulation at 24 CFR 200 which requires the electronic submission of this information.

**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 this collection. MDDR is the only mechanism available for mortgagees to report this data to HUD.

**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 impact on small businesses lending or servicing firms is necessary to collect and prepare delinquency and default data required for proper monitoring. The burden would be minimized when the continuous review of reports indicate that the project owner/agent has established financial stability, which time the requirement for periodic review is ended.

**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.**

If HUD does not collect or collects less frequently, this would conflict with the regulations that require mortgagees to report this data to HUD. Failure to report a notice of default and election to assign a defaulted loan to HUD timely will result in a penalty imposed on the mortgagee should an insurance claim be filed. This would also hamper HUD's ability to monitor delinquencies and to step in and possibly avoid an insurance claim.

**7. Explain any special circumstances that would cause an information collection to be conducted in a manner: (PLEASE ANSWER EACH BULLET SEPARATELY)**

**\* requiring respondents to report information to the agency more often than quarterly;**

The regulations require a mortgagee to report a notice of delinquency when a mortgage payment is not made within 15 days after its due date; if the non-payment continues for 30 days from its due date, the loan is in default and the mortgagee is required to submit a notice of fiscal default within 30 days thereafter; within 75 days from the date of default, the mortgagee must

elect to assign the defaulted loan to HUD and thereafter submit an application for an insurance claim. These timeframes are regulatory. A lender/servicer may report a loan as delinquent, and the mortgagor may make the payment prior to the loan going into default, thus requiring the mortgagee to submit a reinstatement of the loan. This could continue every month. Therefore, the reporting of loan statuses for delinquencies, defaults, or elections to assign are triggered by the regulatory requirements for reporting and would be submitted more often than a quarterly basis.

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

There are no extraordinary circumstances that would require a respondent to prepare a written response to a collection of information in fewer than 30 days after receipt.

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

There are no circumstances that would require a mortgagee to submit more than an original 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;

There are no extraordinary circumstances that would require a mortgagee to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years.

\* in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;

There are no circumstances that would require this collection of information to be 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.

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

There are no circumstances that would require the use of a statistical data classification that has not been reviewed and approved by HUD.

\* 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

There are no special circumstances for this collection of information 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.

\* 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.

There are no special circumstances for this collection of information requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency has

demonstrated 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 5CFR 1320.8(d), this information collection soliciting public comments was announced in the *Federal Register* on **November 8, 2022**, Volume **87**, No. **215**, Pages **67482**. (0) Comments received.

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

There are no payments or gifts provided to respondents.

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

MDDR does not collect personally identifiable information. Mortgagees register through a secure website for access to the system. The data submitted includes FHA multifamily project name, FHA project number, the amount of the principal balance of the loan, and delinquent amounts of principal, interest, escrows. This information is for a property, not an individual, and is therefore outside the scope of our privacy requirements. HUD may disclose this data only in response to a Freedom of Information Act request, however, some financial information may not be releasable.

**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 sensitive questions.

**12. Provide estimates of the hour burden of the collection of information. The statement should:** Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour

burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices. If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I. Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 13.

**Estimates of the Hour burden of the Collection of Information**

<b>Information Collection</b>	<b>Number of Respondents *</b>	<b>Frequency of Response</b>	<b>Total Annual Responses</b>	<b>Burden Hours per Response</b>	<b>Annual Burden Hours</b>	<b>Hourly Cost**</b>	<b>Total Annual Cost</b>
Initial Defaults	114	444	444	0.1666	74	\$43.77	\$3,237.76
30-day Extension	114	978	978	0.1666	163	\$43.77	\$7,131.82
60-day Extension	114	3	3	0.1666	0	\$43.77	\$21.88
90-day Extension	114	18	18	0.1666	3	\$43.77	\$131.26
ETA (Election to assign) Acknowledged	114	2	2	0.1666	0	\$43.77	\$14.58
ETA (Election to assign) Denied	114	0	-	0.1666	-	\$43.77	\$-
<b>Total</b>	<b>114</b>		<b>1,001</b>		<b>167</b>		<b>\$7,299.54</b>

\*There are currently 114 FHA-approved multifamily mortgagees that service active FHA-insured loans. A loan can go in and out of a status (delinquency or default) every month, depending on the mortgagor’s ability to make their payment timely. Unless a loan goes delinquent, in default, or an election to assign must be made no reports are required by a mortgagee. There are no restrictions or limits on how often this process can repeat.

\*\*Bureau of Labor Statistics - total compensation when allowing for benefits

**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 capital/start-up costs associated with this collection of information.

**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.**

**Estimates of Annualized Cost to the Federal Government**

Information Collection	Number of Respondents	Frequency of Response	Total Annual Responses	Burden Hours per Response	Annual Burden Hours	Hourly Cost**	Total Annual Cost
Initial Defaults	114	444	444	0.1666	74	\$44.29	\$3,276
30-day Extension	114	978	978	0.1666	163	\$44.29	\$7,217
60-day Extension	114	3	3	0.1666	0	\$44.29	\$22
90-day Extension	114	18	18	0.1666	3	\$44.29	\$133
ETA (Election to assign) Acknowledged	114	2	2	0.1666	0	\$44.29	\$15
ETA (Election to assign) Acknowledged	114	-	-	0.1666	-	\$44.29	\$-
Total	114		1,001		167		\$10,662

\*Estimated hourly cost is based on the annual salary of a GS-1101-12/Step 1 Account Executive

**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. There were no program changes, but for emphasis and clarity described to accurately reflect respondents and annual responses there was a slight decrease in burden. The number of respondents reflects the estimated number of FHA-approved multifamily servicing lenders that may submit information to the MDDR systems. The total annual responses are the average number of submissions made annually by these lenders. Most lenders service several FHA insured loans. The adjustment from the previous collection is reflective of a different number of loans being delinquent or in default. Early detection and monitoring of problems can lead to a lower number of defaults.

**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.**

The OMB expiration date will be displayed in the application instructions.

**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 for Paperwork Reduction Act Submissions."

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

There are no statistical methods used in this collection.