

# Paperwork Reduction Act Submission

Please read the instruction before completing this form. For additional forms or assistance in completing this forms, contact your agency's Paperwork Reduction Officer. Send two copies of this form, the collection instrument to be reviewed, the Supporting Statement, and any additional documentation to: Office of Information and Regulatory Affairs, Office of Management and Budget, Docket Library, Room 10102, 725 Seventeenth St. NW, Washington, DC 20503.

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|--|--|---|
| 1. Agency/Subagency Originating Request:<br><b>U.S. Department of Housing and Urban Development</b><br><b>Office of Multifamily Housing Development</b>  |  | 2. OMB Control Number:<br>a. <b>2502-0018</b> b. None |
| 3. Type of information collection: (check one)<br>a. <input type="checkbox"/> New Collection<br>b. <input type="checkbox"/> Revision of a currently approved collection<br>c. <input type="checkbox"/> Extension of a currently approved collection<br>d. <input type="checkbox"/> Reinstatement, <b>without change</b> , of previously approved collection for which approval has expired<br>e. <input checked="" type="checkbox"/> Reinstatement, <b>with change</b> , of previously approved collection for which approval has expired<br>f. <input type="checkbox"/> Existing collection in use without an OMB control number<br>For b-f, note item A2 of Supporting Statement instructions. | 4. Type of review requested: (check one)<br>a. <input checked="" type="checkbox"/> Regular<br>b. <input type="checkbox"/> Emergency - Approval requested by<br>c. <input type="checkbox"/> Delegated<br>5. Small entities: Will this information collection have a significant economic impact on a substantial number of small entities?<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br>6. Requested expiration date:<br>a. <input checked="" type="checkbox"/> Three years from approval date b. <input type="checkbox"/> Other (specify) |   |
| 7. Title:<br><b>Request for Approval of Advance of Escrow Funds</b>  |  |   |
| 8. Agency form number(s): (if applicable)<br><b>HUD-92464</b>  |  |   |
| 9. Keywords:<br><b>Housing, Mortgage Insurance, Escrow Release, Housing Standards</b>  |  |   |
| 10. Abstract:<br>The information needed from this form is to ensure that escrowed funds are disposed of correctly for completion of offsite facilities, construction changes, construction cost not paid at final endorsement, non-critical repairs and capital needs assessment. The mortgagor must use data on the form to request withdrawal of escrowed funds for each item through a depository (mortgagee), and the HUD staff must use information to approve the withdrawal of escrowed funds for each item.  |  |   |
| 11. Affected public: (mark primary with "P" and all others that apply with "X")<br>a. Individuals or households e. Farms<br>b. <b>P</b> Business or other for-profit f. Federal Government<br>c. <b>X</b> Not-for-profit institutions g. State, Local or Tribal Government   | 12. Obligation to respond: (mark primary with "P" and all others that apply with "X")<br>a. Voluntary<br>b. <b>P</b> Required to obtain or retain benefits<br>c. <b>X</b> Mandatory  |   |
| 13. Annual reporting and recordkeeping hour burden:<br>a. Number of respondents 936<br>b. Total annual responses 936<br>Percentage of these responses collected electronically 1%<br>c. Total annual hours requested 702<br>d. Current OMB inventory 1,050<br>e. Difference (+,-) -348<br>f. Explanation of difference:<br>1. Program change:<br>2. Adjustment: x  | 14. Annual reporting and recordkeeping cost burden: (in thousands of dollars)<br>Do not include costs based on the hours in item 13.<br>a. Total annualized capital/startup costs \$0<br>b. Total annual costs (O&M) \$0<br>c. Total annualized cost requested \$0<br>d. Total annual cost requested \$0<br>e. Current OMB inventory \$0<br>f. Explanation of difference:<br>1. Program change:<br>2. Adjustment:  |   |
| 15. Purpose of Information collection: (mark primary with "P" and all others that apply with "X")<br>a. <b>P</b> Application for benefits e. Program planning or management<br>b. Program evaluation f. Research<br>c. General purpose statistics g. <b>X</b> Regulatory or compliance<br>d. Audit   | 16. Frequency of recordkeeping or reporting: (check all that apply)<br>a. <input type="checkbox"/> Recordkeeping b. <input type="checkbox"/> Third party disclosure<br>c. <input checked="" type="checkbox"/> Reporting:<br>1. <input type="checkbox"/> On occasion 2. <input type="checkbox"/> Weekly 3. <input checked="" type="checkbox"/> Monthly<br>4. <input type="checkbox"/> Quarterly 5. <input type="checkbox"/> Semi-annually 6. <input type="checkbox"/> Annually<br>7. <input type="checkbox"/> Biennially 8. <input type="checkbox"/> Other (describe)   |   |
| 17. Statistical methods:<br>Does this information collection employ statistical methods?<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  | 18. Agency contact: (person who can best answer questions regarding the content of this submission)<br>Name: <b>Wendy Carter</b><br>Phone: <b>202-708-2866 ext. 2546</b>   |   |

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## 19. Certification for Paperwork Reduction Act Submissions

On behalf of the U.S. Department of Housing and Urban Development, I certify that the collection of information encompassed by this request complies with 5 CFR 1320.9.

**Note:** The text of 5 CFR 1320.9, and the related provisions of 5 CFR 1320/8(b)(3) appears at the end of the instructions. The certification is to be made with reference to those regulatory provisions as set forth in the instructions.

The following is a summary of the topics, regarding the proposed collections of information that the certification covers:

- (a) It is necessary for the proper performance of agency functions;
- (b) It avoids unnecessary duplication;
- (c) It reduces burden on small entities;
- (d) It uses plain, coherent, and unambiguous terminology that is understandable to respondents;
- (e) Its implementation will be consistent and compatible with current reporting and recordkeeping practices;
- (f) It indicates the retention periods for recordkeeping requirements;
- (g) It informs respondents of the information called for under 5 CFR 1320.8(b)(3):
  - (i) Why the information is being collected;
  - (ii) Use of the information;
  - (iii) Burden estimate;
  - (iv) Nature of response (voluntary, required for a benefit, or mandatory);
  - (v) Nature and extent of confidentiality; and
  - (vi) Need to display currently valid OMB control number;
- (h) It was developed by an office that has planned and allocated resources for the efficient and effective management and use of the information to collected (see note in item 19 of the instructions);
- (i) It uses effective and efficient statistical survey methodology; and
- (j) It makes appropriate use of information technology.

If you are unable to certify compliance with any of these provisions, identify the item below and explain the reason in item 18 of the Supporting Statement.

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Signature of Program Official:

Date:

X  
Kevin B. Perkins, Director, Organizational Policy, Planning and Analysis Division, HROA

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Signature of Senior Officer or Designee:

Date:

X  
Lillian Deitzer, Departmental Reports Management Officer,  
Office of the Chief Information Officer

# Supporting Statement for Paperwork Reduction Act Submissions

## Request for Approval of Advance of Escrow Funds OMB Control Number 2502-0018 (Form HUD-92464)

### A. Justification

1. Section 24 CFR 200.50 – Requirements Incident to Insured Advances – Building Loan Agreement – states that the mortgagor and mortgagee must execute a building loan agreement approved by the Commissioner that sets forth the terms and conditions under which progress payments may be advanced during construction. This should be accomplished before initial endorsement of the mortgage of insurance.
2. Form HUD-92464 is used to control the disposition of escrow funds for off-site facilities, construction changes, construction costs not paid at final endorsement, non-critical repair, and capital needs assessment. Page 1 of the form HUD-92464 contains two parts. Part one is completed by the depository to request approval of advance payment of escrow funds for any of the items stated above. The depository will also have to indicate how the remaining escrow balance will be used. HUD approves the disbursement of funds from escrow deposit in part two.

Page 2 of the form is used by the owner/mortgagor of the project to identify the terms covered under the Request for Payment Section. Subsequently, HUD's architect certifies that work completed in connection with off-site and construction changes were acceptably completed. HUD's Inspector also certifies that the work was acceptably completed. The Regulatory Agreement specifies that disbursements may be made only after receipt of the consent in writing from the Secretary of the Department of Housing and Urban Development.

Except for the preparation of the itemized portion of the form, HUD-92464 is simply a certification by the person or persons making a request for funds and acknowledging the receipt of prior released funds and the description of the items or services completed.

3. The information requested on this form does involve some use of automated, mechanical, or other technological collection techniques. The depository and the borrower can acquire the form HUD-92464 via [www.hudclips.org](http://www.hudclips.org) as a portable document format (pdf) file or Microsoft Word file. The depository and the borrower can electronically complete this form using Microsoft Word software or a fillable version in Adobe Acrobat.

At the present time, the Multifamily Housing Development Automated Processing (DAP) system records the maximum insurable mortgage amount, the construction costs, and repair costs. The system does not track progress payments.

Depositories are receiving a few forms in pdf form from borrowers. They can also submit the form in the pdf form to HUD. Some HUD offices are receiving the form in the pdf form. They are scanning and converting the approved and originally signed Requests into a pdf file. The pdf file is returned to the depositories via electronic mail.

HUD and depositories use excel worksheets as a tracking system to record progress payments, to keep a record of each escrow account balance and record the date funds were disbursed for off-site, construction changes, unpaid construction costs, and repairs. Form HUD-92464 is a good candidate for electronic signature and submission.

The information collected is at the minimum burden requirement now. This information is needed to process the accurate accounting of five specific escrow funds progress payments. Escrow fund accounts are set up before construction begins to ensure that money (outside of the insured mortgage) is available after construction to pay off-site, construction changes and repairs, according to regulation 24 CFR 200.63(a). Borrowers are required to submit this form after all of the mortgage insurance is extinguished to build the project and the borrower needs funds to pay for remaining items to complete work.

The Office of Multifamily Housing has not implemented a system in its entirety to receive this information electronically to meet the Government Paperwork Elimination Act (GPEA). The form is submitted hard copy with original signatures.

HUD requires electronic submission of Section 202 and Section 811 grant applications, but does not accept digital signatures in those programs. Multifamily Housing has accepted a Multifamily Accelerated Processing (MAP) application submitted electronically via a compact disk.

4. The information requested on this form is unique for each project. No other form is used to request and obtain the required information.
5. There is no impact on small organizations or other small entities.
6. If HUD did not have a mechanism in place to account for funds being disbursed from escrow accounts, the Department would be subject to mismanagement of Federal funds. Not using this information collection or another reporting instrument would negatively impact Federal program/policy by HUD, the depository and the borrower according to 24 CFR 200.50. When there are progressive payments advanced at or upon construction completion, HUD must perform an accurate accounting of funds disbursed for work completed. Before final endorsement can occur all actual construction costs are certified. HUD will reconcile all monies drawn or disbursed between the borrower's actual cost and HUD's estimated cost. This information collection will serve as supporting documentation.

Use of this form to collect information must occur in each case where there is a disposition of escrow funds for off-site facilities, construction changes, construction costs not paid at final endorsement, non-critical repair, and capital needs assessment.

7. Respondents are required to submit form HUD-92464 in triplicate (an original and two copies). The original goes to the depository. One copy each goes to the following: the Washington, DC Docket-Field Office File, and the Field Office Credit Control File. To date, Multifamily Housing does not have any plans to retain these files electronically.
8. The agency's notice for the continued use of form HUD-92464 was announced in the *Federal Register* on May 26, 2006, (Volume 71, Number 102, Page 30437-30438).

Two depositories were consulted to obtain their comments on the following burden questions. We received comments from a bank and a mortgage lender. Five HUD staff persons from five separate field offices around the country were consulted for comments on the following burden questions.

#### Frequency of collection

It takes twenty-five minutes to one hour to complete or review the form by the depository, or HUD staff, if the form is properly prepared and all necessary supporting documentation is available. The amount of time can vary greatly depending on what the escrow is for. Completion time could increase to a total of 2 hours if the release is for a long/ or short list of change order items or delayed completion.

### Availability of data.

For HUD staff, supporting information is readily available and dependent upon coordinated reviews by discipline staff verifying information based on their area of expertise. Verification and approval is performed by the Architect, the Inspector and the Mortgage Credit Examiner (MCE). Availability of data depends on how well the MCE set up the repair escrow at initial endorsement. Requests for Trip Reports are also needed from the Architect to evidence completion of the work/documentation of change orders. Mortgage Credit maintains most of the information, however, some Requests are forwarded to the Architect for the contract Inspector's signature.

From the depositories perspective data is usually readily available. All parties upon the lender's receipt sign the form.

### Clarity of form instructions.

HUD staff addresses owner's basic questions about the form with a recommendation that the lender assist them with the instructions. They add that lenders are confused on which escrow release requests they need to send to HUD for approval. Lenders have sent request for escrow releases they have authority to approve for the Department of HUD.

Some are not aware there are instructions for the form. The brief instructions printed on the form, are not clear.

Others have not had difficulty completing the form. They say the format is very clear and the lender or the borrower does not seem to have any problems. Some parties are knowledgeable in its requirements and procedures for completion.

Some believe "instructions" are very deficient. Could be improved upon. Field staff have developed their own instructions to expand upon the official instructions for pre-construction closing meetings with the borrower.

From the depositories perspective instructions are not clear. They have prepared their own interpretation of the instructions and send to clients.

### Format for recordkeeping disclosure or reporting on information.

HUD staff's recordkeeping is based on the Change Order form and handbook instruction. Many staff have created excel worksheets as a tracking system for each project with escrow(s) to keep a record of the escrow balance and the date paid out. This works for change orders with multiple items. For progressing work, like repairs, all details are shown on an attached sheet. This all helps to ensure that the amount being requested is accurate and remains in synch with the request. Some have created a database to log in and log out the form.

From the depositories perspective they use the form itself or created an excel spreadsheet for recordkeeping purposes.

### Format for recordkeeping disclosure or reporting on information of the data elements (i.e. name other items to record or do not need to record)?

Many staff have created excel worksheets as a tracking systems for each project with escrow(s) to keep a record of the escrow balance and keep up with the pay out dates. All the items required for escrow release are listed on the form.

From the depositories perspective they use the form itself or have created an excel spreadsheet for recordkeeping purposes.

9. There are no payments or gifts given to respondents.
10. Handbook 4470.1 REV-2 CHG 1 paragraph 2-9 states that agency policy is to treat credit and financial information in a confidential nature. No other assurances of confidentiality are provided.
11. This form does not collect information of a private or sensitive nature.
12. Annual Burden Estimate:

| Information Collection                  | Number of Respondents | Frequency of Response | Responses Per Annum | Burden Hour Per Response | Annual Burden Hours | Hourly Cost Per Response | Annual Cost     |
|---|-----------------------|-----------------------|---------------------|--------------------------|---------------------|--------------------------|-----------------|
| <b>HUD-92464</b>                        |                       |                       |                     |                          |                     |                          |                 |
| <b>Lending Institution (depository)</b> | <b>312</b>            | <b>*3</b>             | <b>936</b>          | <b>.25</b>               | <b>234</b>          | <b>\$30</b>              | <b>\$7,020</b>  |
| <b>Lender employee</b>                  | <b>312</b>            | <b>*3</b>             | <b>936</b>          | <b>.25</b>               | <b>234</b>          | <b>\$17</b>              | <b>\$3,978</b>  |
| <b>Owner/Mortgagor (borrower)</b>       | <b>312</b>            | <b>*3</b>             | <b>936</b>          | <b>.25</b>               | <b>234</b>          | <b>\$50</b>              | <b>\$11,700</b> |
| <b>Total</b>                            | <b>936</b>            | <b>9</b>              | <b>2,808</b>        | <b>.75</b>               | <b>702</b>          | <b>\$97</b>              | <b>\$22,698</b> |

\*Estimated burden hours and hourly costs for respondents to complete and submit the requested information.

13. There are no additional costs to respondents.
14. Annual Cost to the Federal Government:

|                  | Number of Reviews | Frequency of Response | Responses Per Annum | Burden Hour Per Response | Annual Burden Hours | *Hourly Cost Per Response | Annual Cost     |
|------------------|-------------------|-----------------------|---------------------|--------------------------|---------------------|---------------------------|-----------------|
| <b>HUD-92464</b> | <b>936</b>        | <b>3</b>              | <b>936</b>          | <b>2</b>                 | <b>1,872</b>        | <b>\$27</b>               | <b>\$50,544</b> |

\*Estimated annual cost to Federal Government assuming that a GS-12/Project Manager will review and process the information.

15. This is an extension of a currently approved collection. There are no program changes.
16. HUD will not publish the form's requested information. HUD Offices will maintain the information in individual case files until placed in the Washington, DC Docket files.
17. HUD is not seeking approval to avoid displaying the OMB expiration date on the HUD Form-92464.
18. There are no exceptions to the Certification Statement identified in item #19 of the OMB 83-I.

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

There are no plans to use statistical methods for collecting this information.