

# 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. Circumstances that make the collection of information necessary.

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. Use of Information.

Form HUD-92464 is used to document the progress of payments advanced during construction. Form HUD-92464 is used to control the disposition of escrow funds for off-site facilities, construction changes, and 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. Use of technical collection techniques to reduce burden.

The collection of this information does not involve the use of automation. HUD and the Office of Housing are undergoing a transformation of the Information Technology (IT) infrastructure which will dictate the type of automated systems that will be developed. It is imperative that the automatic system developed adequately address concerns for confidentiality (due to the nature of data reported) and the need and ability to capture E-signatures. Until the IT transformation has materialized, it is difficult to establish a viable and sustainable electronic intake process.

The depository and the borrower can acquire the form via [www.hudclips.org](http://www.hudclips.org) as a portable document format (pdf) file or as a Microsoft Word file and can complete it electronically.

4. **Identify duplication.**

The information requested on this form is unique for each project. No other form is used to request and obtain the required information.

5. **Impact on small organizations.**

There is no impact on small organizations or other small entities.

6. **Federal program/policy impact if information is not collected.**

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, .52, .60, .63, .95, and .96. When there are progressive payments advanced at or upon construction completion, HUD must perform an accurate accounting of funds disbursed for the work that was 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, and construction costs not paid at final endorsement, non-critical repair, and capital needs assessment.

7. **Special circumstances.**

There are no special circumstances involved in this collection.

8. **Federal Register/Consultation Outside the Agency.**

The agency's notice for the continued use of Form HUD-92464 was announced in the *Federal Register* on September 4 2009, (Volume 74, Number 171, Pages 45872- 45873). *No Comments were received.*

Three depositories were consulted for this collection of information. We received comments from a bank and two mortgage lenders. They commented that it takes twenty-five minutes to two hours to complete and or review the form. A list of the three respondents is below:

Key Corp Real Estate Capital Market  
8115 Preston road suite 500  
Dallas, TX 75225  
Bruce Minchey (214) 414-2598

AmeriSphere Mortgage Finance, LLC  
1125 South 103<sup>RD</sup> Street, Suite 130  
Omaha, NE 68124  
Rodrigo Lopez (402) 498-9184

Capmark Finance Inc.  
12444 Powerscourt Dr, Suite 400  
St. Louis, MO 63131  
Donna Switzer (314) 984-5512

9. **Payments or gifts.**

There are no payments or gifts given to respondents.

10. **Confidentiality.**

No other assurances of confidentiality are provided.

11. **Sensitive questions.**

This form does not collect information of a private or sensitive nature.

12. **The respondent's burden of collection information.**

Three parties complete one form for each advance of escrow funds request. The Request for Payment portion of the form is completed by the mortgagor/borrower, requesting payment for completion of work covered under the escrow agreement. The form is then forwarded to the Depository whereby they as the agent for the borrower/mortgagor approve the dollar amount requested by the mortgagor/borrower and forward the request to HUD for authorization to release the amount requested by the mortgagor/borrower for payment of cost incurred for any or all of the following: offsite facilities/construction changes/capital needs assessment/noncritical repair/or construction costs not paid at final endorsement

The burden hours are an estimate based on FY2008 data from the Development Application Processing (DAP) System. The stage of multifamily processing that would trigger the possible/potential use of this form is after Initial Endorsement. During FY08 there were 407 applications that achieved initial endorsement that had the potential for execution of this form; this excludes the 189 health care applications that also achieved initial endorsement. Note: Every multifamily application processed may not have the need for this form, however we have based our burden hours on the possibility of every application that reached initial endorsement during FY08 actually executing this form.

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost	**Annual Cost
<b>HUD-92464</b>							
<b>Lending Institution (depository)</b>	<b>408</b>	<b>*3</b>	<b>1222</b>	<b>1.25</b>	<b>1530</b>	<b>\$41</b>	<b>\$62,730</b>
<b>Lender employee</b>							
<b>Owner/Mortgagor (borrower)</b>				<b>.75</b>	<b>918</b>	<b>\$50</b>	<b>\$45,900</b>
<b>Total</b>	<b>408</b>		<b>1224</b>	<b>2.00</b>	<b>2,448</b>		<b>\$108,630</b>

\* Respondents can submit from 1-3 responses per project. So collection of information could occur multiply times for several escrow funds, e.g. off-site facilities, construction changes, construction costs not paid at final endorsement, non-critical repairs, or capital needs assessment. With 2 to 3 responses per project yields a medium volume frequency.

13. **Estimated total annual cost burden to respondents.**

There is no capital/startup costs associated with this collection.

14. **Annualized cost to the Federal Government.**

	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	*Hourly Cost	Annual Cost
<b>HUD-92464</b>	<b>1221</b>	<b>1</b>	<b>1221</b>	<b>\$39.70</b>	<b>\$48,474</b>

Estimated annualized Federal government cost is based on the annual salary of a GS-12, Step-5.

15. **Program changes.**

This is an extension of a currently approved collection.

16. **Publication of information collection.**

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. **Display of Expiration Date.**

HUD is not seeking approval to avoid displaying the OMB expiration date.

18. **Exceptions to the Certification Statement.**

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.