

Supporting Statement for Paperwork Reduction Act Submissions

Insured Health Care Facility Project Applications and Construction Prior to Initial Endorsement OMB Control Number 2502- New

Forms 92013-NHICF, 92264-HCF, 92264-T,

A. Justification

1. Public Law 101-625 Section 328 of the Cranston-Gonzalez National Affordable Housing Act of 1990 (Public Law 101-625, November 28, 1990) requires the Secretary of the Department of Housing Development (HUD) to implement a system for mortgages insured under Sections 207, 221, 223, 232, or 241 of the National Housing Act. Although the Secretary of HUD will delegate processing to selected approved lenders, the Secretary will retain the authority to approve rents, expenses, property appraisals, and mortgage amounts, and to execute a firm commitment.
2. The information collected is utilized during the processing of an application for FHA mortgage insurance. The respondents are owners/sponsors, general contractors, lenders, and others involved in residential health care facility projects/rehabs. Third party contractors for mortgage insurance submit applications for FHA Mortgage Insurance. Mortgagors submit Form HUD-92013, Application for Multifamily Projects, to an approved lender for a project to be insured by HUD. The lender's underwriters will complete the HUD-92013 and all other processing forms and submit them to HUD. The contractors involved are architects, cost analysts, appraisers, and mortgage credit analysts. An environmental review is also conducted, as well as a market analysis. Below is a brief description of the forms submitted in support of this request.

This information is provided by sponsors and general contractors of proposed health care facility projects and submitted by a HUD-approved mortgagee for application of FHA mortgage insurance. The information is used to determine project feasibility, principal's acceptability, and credit worthiness. HUD requires professional liability insurance for health care facilities.

- a. **Form HUD-92013-NHICF**, Application for Mortgage Insurance (Nursing Homes, Intermediate Care Facilities, and Board and Care Homes). Section 232 of the National Housing Act, applicable portions of which are attached, authorizes the Secretary of HUD to insure mortgages for construction of residential care facilities. Form HUD-92013-NHICF lists required exhibits, several of which are other HUD forms. The burden associated with each of those forms is separately approved and is not included in the burden hours calculated for form HUD-92013-NHICF.
- b. **Form HUD-92264-HCF**, Health Care Facility Summary Appraisal Report, is used by the architect and appraiser to develop and record rents, expenses, occupancy, capitalization value, total estimated replacement cost, comparison approach to value, final opinion of fair market value, and the construction of skilled nursing, intermediate care, assisted living, and board and care facilities. These estimates, among others, are necessary in making determinations as to economic solutions or risk of a special needs facility.
- c. **Form HUD-92264-T**, Rent Estimate for Low or Moderate Income Units in Non-Section 8 Projects Involving Tax Exempt Financing, is used by appraisers to make rent estimates based on income limits as close as possible to the income limits described in the legislation.

3. HUD has re-evaluated this collection and determined that it is not appropriate to collect this information electronically. This is in line with OMB Memorandum M-00-155, OMB Guidance on Implementing the Electronic Signatures in Global and National Commerce Act, dated September 25, 2000. Specific reference is made to PART III: Ensuring Agency Compliance with the Statutory Requirements of E-SIGN, paragraph D. GOVERNMENT GUARANTEED LOANS AND MORTGAGE INSURANCE. PART III indicates that E-SIGN does not require the government to use or accept electronic signatures in its guarantee or insurance contract; however, the government may do so because of GPEA's requirements. We believe the Section III exemption applies to this collection since the loans for residential health care projects are frequently in the hundreds of millions of dollars, and the level of risk for financial loss is very high. Based on the above re-evaluation, we have determined that this information collection is high risk and has low usage; therefore, it shouldn't be considered for automation.

As an active participant on the President's Management Agenda E-Gov E-Authentication initiative, HUD is in the process of implementing E-Authentication solutions for two public-facing systems. The lessons learned from this effort will allow the Department to design and plan for an enterprise E-Authentication solution in FY 2007, as required by OMB. As part of the E-Authentication risk assessment process, the Department will assess potential risks for all transactions using electronic signatures and identify measures to minimize their impact. The nature of each transaction will determine whether electronic signatures should be or legally can be offered as an alternative.

As a result of the *Federal Register* notice announcing this collection, HUD received comments from the industry regarding some of its forms. HUD is considering these suggestions, some of which may make electronic submission of data easier.

4. This information is not collected elsewhere. A review of Multifamily Housing information collections confirms that no other information collection provides this particular information.
5. This collection of information will not have a significant impact on small business or other small entities. residential health care facility project owners/sponsors are rarely small businesses.
6. If the information were not collected, the HUD would have no record of completion to provide to the satisfaction of all parties of the contract and responsible local government officials.
7. Mortgage insurance files and financial documentation generally fall under the confidentiality provisions of the Privacy Act and Freedom of Information Act. The Housing and Community Development Act of 1987, 42 U.S.C. 3543, requires persons applying for a Federally insured or guaranteed loan to furnish his/her Social Security Number (SSN) or Employer Identification Number (EIN). The inclusion of SSN/EIN is considered a confidential matter. A Privacy Act Statement is printed on the appropriate forms. HUD assures confidentiality to respondents on other information collected if it would result in competitive harm in accord with the Freedom of Information Act (FOIA) provisions or if it could impact on the ability of the Department's mission to provide housing units under the various Sections of the Housing Legislation.
8. This number should read... In accordance with 5 CFR 1320.8(d), this information collection soliciting public comments was announced in the *Federal Register* on November 6, 2009 (Volume 74, Number 214, Pages 57517-57518). No comments were received.

In developing our new LEAN processing for the Section 232 Program, the Office of Multifamily Housing and, after the program's transfer, the Office of Insured Health Care Facilities, conducted a series of Value Stream Mapping Exercises with persons outside the agency, including Multifamily Lenders and

representatives of borrowers. These exercises were focused on the most efficient ways of assuring availability of data, the timing and frequency of collection, developing clearer instructions and recordkeeping, including formats. Our efforts resulted in greater standardization and simplification of requirements, although utilization of the information on the existing forms is necessarily continued for the efficient risk management of the program.

9. There are no payments or gifts of any kind given to respondents.
10. The privacy act of 1974 provides an assurance of confidentiality unless a release order is issued under the Freedom of Information Act.
11. The forms do not include questions of a sensitive nature.
12. Estimated burden hours and costs to the respondents:

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hours Per Response	Annual Burden Hours	Hourly Cost	Total Annual Cost
HUD-92013-NHICF	300	1.00	300	64.00	19,200	\$32	614,400
HUD-92264-HCF	300	1.00	300	114.00	34,200	\$32	1,094,400
HUD-92264-T	10	1.00	10	1.00	10	\$32	320
Totals	610		610		53,410		\$1,709,120

The hourly rate is an estimate based on an average annual salary of \$64,000 for developers and mortgagees.

The estimated data used above was obtained, from the Development Application Processing System, (DAP).

13. There are no additional costs to respondents.
14. Annualized burden and cost to the Federal government:

Our third party partners will process the 300 firm applications issued by the Department in 2010.

Information Collection	Total Annual Forms	Average Hours Per Response	Total Hours	Hourly Rate	Estimated Annual Cost
HUD-92013-NHICF	300	10.00	3,000	\$34	102,000
HUD-92264-HCF	300	44.00	13,200	\$34	448,800
HUD-92264-T	10	44.00	440	\$34	14,960
Totals	610		16,640		565,760

Hourly cost is based on a GS – 12/5 Federal salary.

15. This is a request for a new collection. Due to new LEAN processing for the Section 232 Program, and after the program’s transfer to the Office of Insured Health Care Facilities, it has been determined that the most efficient way of assuring availability of data, the timing and frequency of collection, developing clearer instructions and recordkeeping, including formats was to create a separate information collection for this program. Our efforts resulted in greater standardization and simplification of requirements, although utilization of the information on the existing forms is necessarily continued for the efficient risk management of the program.
16. The number of responses and the total burden hours have changed due to change in incoming firm applications.

17. Collection of this information will not be published. Each form will be maintained with the HUD Program Office in individual case files.
18. HUD is not seeking approval to avoid displaying the OMB expiration date.
19. There are no exceptions to the Certification Statement identified in item 19 of Form OMB 83-I.

B. Collections of Information Employing Statistical Methods

This collection does not involve statistical methods.