

## Supporting Statement for Paperwork Reduction Act Submissions

### Requisition for Disbursement of Sections 202 & 811 Capital Advance/Loan Funds

OMB Control Number 2502-0187  
(HUD-92403-CA and HUD-92403-EH)

#### A. Justification

1. The Section 202 Program was first enacted as part of the Housing Act of 1959 to provide direct Federal long-term loans for the construction of housing for the elderly or handicapped. The program was intended to serve elderly persons whose income was above public housing levels but not sufficient to obtain adequate housing on the private market. The collection of this information is authorized by 24 CFR Part 891 (copy attached).

In 1973 there was an amendment to the program that extended eligibility to persons with developmental disabilities. In 1978, amendments added group homes and extended eligibility to the chronically mentally ill. The 1990 Cranston-Gonzalez National Affordable Housing Act not only replaced the loan program with a capital advance program with no debt service but it also separated the elderly from the disabled, hence the Section 811 Supportive Housing for Persons with Disabilities.

2. The requisition is completed by the Owner and submitted to HUD for processing and approval. In doing so, the Owner identifies the project, provides information about its depository, and lists the development costs for which payment is due. Upon receipt of the requisition, HUD staff reviews the information to determine the eligibility of the items listed, as well as the amounts requested. If approved, the appropriate HUD official signs the requisition and forwards it to HUD's Fort Worth Accounting Center for processing. A Treasury check is issued for payment. The check covers the first and final payments to the Owner, or is delivered to the Field Office for hand delivery to the Owner at the initial loan closing. All other payments are made by direct deposit to the Owner's bank account. Applicants are required to submit (along with the requisition form) unaltered documents with original signatures, i.e., original title updates, the Contractor's Requisition Form HUD-92448 (OMB No. 2502-0028), invoices, and receipts.

**Form HUD-92403-CA**, Requisition for Disbursement of Funds, is used for disbursement of capital advance funds.

**Form HUD-92403-EH**, Requisition for Disbursement of Section 202 Loan Funds, is required to be used by the Owner to apply for disbursements to meet bills that are due and payable to contractors for work completed. This form will remain in use until all "loan" projects have been closed, at which time this form will be terminated.

3. The Department has an on-going commitment to identify ways to simplify the process by which the many forms required for its grant programs are administered so that it can be less costly and more consumer-friendly. Both forms are available through HUDCLIPS and can be completed electronically and emailed to the HUD project manager in the jurisdiction of the project at [XXXX@hud.gov](mailto:XXXX@hud.gov). However, because each form is a requisition for payment, original signatures by all responsible parties are required as part of the information collection and are mailed to the corresponding program center managing the project.
4. No duplication exists.
5. This information collection does not have a significant economic impact on a substantial number of small businesses or other small entities. However, HUD permits a reasonable fee for consultant's services to be included in the Sections 202 & 811 capital advance to assist the Owners in gathering the information needed to complete the requisition form.

6. Owners submit requisitions for funds based on the amount of construction work completed. Although HUD has no specific time frame for submitting Sections 202 & 811 requisitions, they are generally submitted on a monthly basis. Less frequently submitted requisitions could cause the Owner to become delinquent in paying its obligations, including paying the general contractor which, in turn, could adversely affect the general contractor's ability to pay its subcontractors in a timely manner. In an extreme situation, the Owner's failure to pay its obligations within a reasonable period of time could result in a lien being filed against the project and work stoppage.
7. HUD requests that the requisition form be submitted monthly so that the owner can pay the contractor in a timely manner. A contract between the Contractor and the Owner is agreed upon on Form HUD 92442-A (OMB No. 2502-0011), Construction Contract Cost Plus. This contract requires that each month after the commencement of work, the Contractor request on Form HUD 92448 (OMB No. 2502-0028) for payment by the Owner for work done during the preceding month.
8. In accordance with 5 CFR 1310.8(d), the agency's notice soliciting public comments was announced in the *Federal Register* on December 8, 2010 (Vol. 75, No. 235, pages 76480-76481). No comments were received.

HUD field staff persons from three different multifamily hubs were contacted to obtain their views on the collection. The question and responses are summarized below:

1. a. **Please give me your experience or opinion on the availability of the data to populate the forms.**

Respondent #1: The areas that are programmed to be populated work great, but I would also like the information on page 2 to also be programmed to be populated. Sometimes we have to make corrections or deny partial payments of some line items and that information is entered on page two, "Explanation of Disallowed Items."

Respondent #2: I have no problems

Respondent #3: I feel the information the owner needs to complete the form is readily available & does not create a hardship for them to complete. It is pretty self-explanatory.

b. **How frequent do you collect data for both 202 and 811?**

Respondent #1: We collect data for the 202 and 811 every month for each project in the construction phase.

Respondent #2: I collect data on a monthly basis

Respondent #3: I collect data/process draws for each project monthly from Initial Closing to Final Closing.

c. **Do you feel the instructions are clear?**

Respondent #1: Yes.

Respondent #2: Instructions are very clear, I do suggest that in box 1 to add the name of owner contact, and in Section B HUD approved amount (remove gray area)

Respondent #3: Yes I feel the instructions are clear. I haven't heard of any problems with our owners expressing difficulty completing the form.

d. **What is your opinion on this format for recordkeeping or reporting? Or do you use this data for that purpose?**

Respondent #1: I personally like this format.

Respondent #2: I use the format for record keeping/reporting The data on the 92403CA form has to be transferred to the Mortgage Credit spread sheet (Form no.92451)for record keeping & reporting purposes, i.e. – balance of funds in specific line items/balance of capital advance proceeds, etc.

The form is used for reference purposes when HUD reviews a cost cert submission.

Due to the complexity of the current 202 & 811 programs, which are using multiple funding sources, all funders look to HUD to keep sources and uses in balance. Because of this, we require that owners annotate the 92403CA for each requisition item in order to indicate the source(s) of funding for payment of a specific item. We further require that a cover letter summarizing funding sources/uses accompany each requisition. Absent these modifications, there would be no way to know which funding source(s) are being used to pay specific line

Respondent #3: I frequently use the form when processing the cost certification as a source of data to ensure the accuracy of the cost certification. I also may refer to the form to ensure the owner has not requested an item to be paid more than once during the construction phase.

9. There will be no payment or gifts to respondents.

10. HUD does not assure confidentiality.

11. The information collection does not contain any sensitive questions.

12. Estimated Burden Hours and Costs to Respondents:

This submission also takes into consideration the total number of requisitions submitted from initial closing, through the construction period, to final closing.

Only those Owners of projects that closed as loans prior to the conversion of the program to capital advances are using the Form HUD-92403-EH and Owners of capital advance projects are using Form HUD-92403-CA (i.e., in connection with those projects that are still under construction or where construction has been completed but final closing has not been achieved). Based on a review of our records, the following numbers of projects (loans/capital advances) fall into the two categories:

| HUBS               | No of Projects |            |
|--------------------|----------------|------------|
|                    |                |            |
| Boston             | 21             | 24         |
| New York           | 12             | 28         |
| Buffalo            | 5              | 6          |
| Philadelphia       | 19             | 14         |
| Baltimore          | 11             | 10         |
| Greensboro         | 9              | 7          |
| Atlanta            | 6              | 16         |
| Jacksonville       | 5              | 12         |
| Chicago            | 5              | 8          |
| Columbus           | 7              | 9          |
| Detroit            | 2              | 2          |
| Minneapolis        | 7              | 4          |
| Ft. Worth          | 10             | 15         |
| Kansas City        | 10             | 7          |
| Denver             | 6              | 4          |
| San Francisco      | 11             | 10         |
| Los Angeles        | 1              | 9          |
| Seattle            | 11             | 8          |
| <b>Totals</b>      | <b>153</b>     | <b>191</b> |
| <b>Grand Total</b> | <b>344</b>     |            |

| Requisitions Submitted | Number of Respondents | Frequency of Response | Responses Per Annum | Burden Hour Per Response | Annual Burden Hours | Hourly Cost | Annual Cost     |
|------------------------|-----------------------|-----------------------|---------------------|--------------------------|---------------------|-------------|-----------------|
| Section 202 Projects   | 191                   | 12                    | 2,292               | .50                      | 1,146               | \$29.0      | \$33,234        |
| Section 811 Projects   | 153                   | 6 *                   | 918                 | .50                      | 459                 | \$29.00     | 13,311          |
| <b>Totals</b>          | <b>344</b>            |                       | <b>3,210</b>        |                          | <b>1,605</b>        |             | <b>\$46,545</b> |

\* Six months is the estimated construction time for an average-size 811 project).

Hourly cost is based on an estimate of project owner's staff with an annual salary of \$55,000.

13. There are no additional costs to the respondents.

14. Estimate of cost to the Federal Government: Inasmuch as the majority of the work involved in reviewing the requisitions is done at the HUD Program Center level, the significant costs attributable to the use of the requisition form will be the cost involved in reviewing the information on the form as submitted by the Owner. The review includes the steps taken to verify, to the maximum extent possible, the accuracy of the information submitted. Processing of the requisition involves three main principals:

- (1) staff at the HUD Program Center level – receives, reviews, and recommends approval of the requisition;
- (2) HUD staff from the Office of the Chief Financial Officer – performs the accounting functions, and prepares and submits the voucher to the Treasury Department for issuance of the Treasury check or direct deposits, as appropriate; and
- (3) staff from the Treasury Department – handles the issuance of the check or direct deposits.

Other costs include the cost for periodic printing of the form. It should be noted that reproduction of the form also is done at the HUD Program Center level. The cost to the Federal Government is based on an average salary at the GS-12 level.

| Direct Personnel            | Number of Forms Submitted | Total Hours per Form | Total Staff Hours | Hourly Rate | Total           |
|-----------------------------|---------------------------|----------------------|-------------------|-------------|-----------------|
| Tech Support Division       | 344                       | 1.5                  | 516               | \$36.34     | \$14,500        |
| Ft. Worth Accounting Center | 344                       | 1.0                  | 344               | \$37.00     | 9,842           |
| Treasury                    | 344                       | 0.5                  | 172               | \$41.00     | 5,453           |
| <b>Totals</b>               | <b>344</b>                | <b>3.0</b>           | <b>1,032</b>      |             | <b>\$29,795</b> |

Hourly is based on the salary of a GS-12 at \$39/hour, plus overhead costs of \$3.34/hour at the HUD field office, \$4/hour at the Ft. Worth Accounting Center, and \$8/hour at Treasury.

15. This is an extension of a currently approved collection. There have been no program changes. This submission reflects the number of respondents with initial closings and the number of requisitions from initial closings through the construction period, to final closing. The burden has increased since last year due to more projects reaching the initial closing stage of development in a more efficient timeframe.
16. The results of this information collection will not be published.
17. HUD is not seeking approval to avoid displaying the expiration date.
18. There are no exceptions to the certification statement identified in Item 19 of the OMB 83-I.

**B. Collections Information Employing Statistical Methods**

This collection does not employ statistical methods.