

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 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.

There is a increase in the number of responses and burden hours because each project owner submits the form 2-3 times per project.

3. Reengineering efforts are being made to replace the DAP system, which would improve the functionality and replacement of technology, and the online implementation of automated underwriting processing from the beginning to end of completion, including the e-signature. The target date of 9/30/2013 was given for implementation. The information was based on the 2009 FHA Multifamily IT Strategy Plan, modernization of IT. This information was submitted to Congress. Procurements are involved so the projected date is 9/2013 for implementation assuming all goes well with procurements.
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. During HUD's pre-construction conference parties to the main construction contract (i.e sponsor, contractor, architect and engineering firm, Mortgage Company, etc.) are advised of the submission requirements. The information required is already reduced to what is needed to complete the form. Staff spends the same amount of time on these Requests whether they are from a small organization or a large company.
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, .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. There are no special circumstances involved in this collection.
8. The agency's notice for the continued use of form HUD-92464 was announced in the *Federal Register* on August 31, 2012 (Volume 77, Number 170, Pages 53210).

Consultation was provided by mortgage credit staff and Construction Analyst in local Multifamily Hubs/Program Centers to assess if the proposed information collection is necessary, accuracy of the agency's estimation of public burden, improvements or enhancements to the current collection, and offer suggestions to minimize public burden, i.e., electronic submissions. The following HUD individuals were contacted:

Kenneth Cooper, Construction Analyst
400 State Avenue
Kansas City, Kansas 66101

Norbert David, Construction Analyst
600 East Broad Street, 3rd Floor
Richmond, Virginia 23219

Wendy Carter, Mortgage Credit
451 7th Street, SW
Washington, DC 20410

9. There are no payments or gifts given to respondents.
10. Handbook 4470.1 REV-2 CHG 1 paragraph 2-9 and MAP Guide 8.3.H.3 states that agency policy is to treatment of credit and financial information in a confidential nature. The Privacy Act Statement on the front of each form will be read by each respondent who completes this form.
11. This form does not collect information of a private or sensitive nature.
12. Three parties complete one form for each advance of escrow funds. Page 1 of the form HUD-92464 contains two parts. Part one is completed by the depository clerical personnel and approved by supervisory personnel 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. Part 2 is where HUD approves the disbursement of funds from escrow deposit. Page 2 is also 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. It takes approximately 2 hours to complete the form, inclusive of all parties involved.

Information Collection	Number of	Frequency	Responses	Burden Hour	Annual	Hourly	**Annual
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	Respondent s	of Response	Per Annum	Per Response	Burden Hours	Cost	Cost
HUD-92464							
Lending Institution (depository)	94	*3	3720	.50	1,860	\$30	\$55,800
Lender employee	1150			.75	2,790	\$17	47,430
Owner/Mortgagor (borrower)	1,240	*3	3720	.75	2,790	\$50	139,500
Total	2,484		7,440		7,440		\$242,730

* Respondents generally submit 2-3 responses for the same project. So collection of information could occur multiply times for each escrow fund: off-site facilities, construction changes, construction costs not paid at final endorsement, non-critical repairs, or capital needs assessment.

13. 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
HUD-92464	7,440	2	14,880	\$41.00	\$610,080

Estimated annualized Federal government cost is based on the annual salary of a GS-12, Step-7.

15. This is an extension of a currently approved collection. There has been no program change. However, the number of respondents increased due to more accurate reporting. The threshold for submissions remained the same, at three times. But the variation of participation showed from office to office resulted in a decrease in burden hours for the employees as well as lending institutions.

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.

18. There are no exceptions to the Certification Statement identified in item 19 of the OMB 83-I.

B. Collections of Information Employing Statistical Methods

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