

Supporting Statement for Paperwork Reduction Act Submissions

Multifamily Project Applications and Construction Prior to Initial Endorsement OMB Control Number 2502-0029

HUD-92013, HUD-92013-SUPP, HUD-92013-A, HUD-92013-B, HUD-92013-C , HUD-92013-E, HUD-92264, HUD-92264-A, HUD-92273, HUD-92274, HUD-92326, HUD-92329, HUD-92331, HUD-92415, HUD-92447, HUD-92452, HUD-92485, HUD-91708, HUD-92010, FM-1006, HUD 2880,92466 (Rider Forms – 92466-R1, 92466-R2, 92466-R3, 92466-R4),HUD2408 and HUD-2.

A. Justification

1. Under Sections 207, 221, 223, 231, and 241 of the National Housing Act (Public Law 479, 48 Stat. 1246, 12 U.S.C. 1701 et seq.) the applicable portion of which are attached for reference, the Secretary of the Department of Housing and Urban Development (HUD) is authorized to implement a system for insuring mortgages. Although the Secretary of HUD will delegate processing to select 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 multifamily housing projects/rehabs. One of the options used in processing an application for FHA mortgage insurance is Multifamily Application Processing (MAP). Third party contractors for mortgage insurance perform MAP. 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.

The following program revisions have been made:

1. The following applications forms have been added to this collection; The Standardized Underwriter's Narrative for Refinance and Acquisition under Section 223(f) HUD-92013A , Standardized Underwriter's Narrative for New Construction/Substantial Rehabilitation under Section 220, 221(d)(3), 221(d)(4), 231 and 241(a) HUD-92013B, and the HUD Data Report HUD-92013C. These forms will be supplements of Form HUD-92013, Application for Multifamily Housing Project, along with the Form HUD-2.
2. An inquiry of our lenders revealed a more accurate account of the total annual burden for completing the forms, reviewing instructions, searching existing data sources, gathering and maintaining the dated needed, and completing and reviewing the collection of information.

These program changes have resulted in a minimal increase in the number of responses received and a minimal decrease in the number of annual burden hours.

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.
- a. **Form HUD-92013, Application for Multifamily Housing Project.** HUD-92013 and its supporting exhibits comprise the basic application package for HUD/FHA multifamily mortgage insurance programs established under the jurisdiction of the Department of HUD. HUD/FHA multifamily processing consists of a series of complex financial, legal, and technical stages that require a close working relationship with the developer, sponsor, and mortgagor, mortgagee, and HUD staff. Form HUD-92013 identifies data that must be examined to meet program requirements and provides a vehicle for staff to analyze project data and to determine if the project is eligible for FHA mortgage insurance. Form HUD-92013 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.
 - b. **Form HUD-92013A-Underwriter's Narrative for Refinance and Acquisition under Section 223(f).** HUD-92013A is submitted with each application under Section 223(f). This form will standardize the format for the information collected under the Lender's Narrative Report which is described in the MAP Guide under Chapter 11, Section 1. This form will allow electronic submission of the application required loan information into one standardized format for MAP approved Lenders to use when submitting their Underwriter's Narrative to HUD for processing.
 - c. **Form HUD-92013B-Underwriter's Narrative for New Construction/Substantial Rehabilitation under Sections 220, 221(d)(3), 221(d)(4), 231, 241(a).** This form will standardize the format for the information collected under the Lender's Narrative Report which is described in the MAP Guide under Chapter 11, Section 1. This form will allow electronic submission of the application required loan information into one standardized format for MAP approved Lenders to use when submitting their Underwriter's Narrative to HUD for processing.
 - d. **Form HUD-92013C-HUD Data Report.** This excel spreadsheet allows the Lender to submit electronic data to be uploaded and used to populate several existing HUD forms such as the HUD-92264 and HUD-92013. This form allows the dissemination of loan application information into an electronic format which is when used to submit critical loan information to the HUD Loan Committee for expedited loan approvals. The electronic format additionally allows for easy data extraction for future Ad hoc reports.
 - e. **Form HUD-92013-Supp, Supplement to Application for a Multifamily Project.** Mortgagors are required to have an acceptable credit standing satisfactory to HUD as set forth in 24 CFR 207. Circular A-129 requires Federal agencies to obtain credit reports under programs authorizing guaranteed and insured loans. Each sponsor and the general contractor must submit this form.
 - f. **Form HUD-92013-E, Supplemental Application and Processing Form Housing for the Elderly/Disabled.** HUD-92013-E is submitted with each application involving the non-assisted elderly/disabled. Housing projects exclusively for the elderly/disabled may include non-sheltered services and amenities associated with projects at a charge to the residents. All non-sheltered services must be detailed on the Form HUD-92013-E. This form must be submitted at all processing stages for non-assisted elderly/disabled projects.

- g. **Form HUD-92264, Multifamily Summary Appraisal Report**, is used by the architect and appraiser to develop and record rents, expenses, occupancy, and capitalization value, total estimated replacement cost, comparison approach to value, final opinion of fair market value, and the construction cost of a multifamily housing project. These estimates, among others, are necessary in making determination as to the economic soundness or acceptable risk of a project.
- h. **Form HUD-92264-A, Supplement to Project Analysis**, is used by appraisers to establish the maximum insurable mortgage, total requirement for settlement, sources of funds to meet cash requirements, and mortgage credit recommendations and requirements.
- i. **Form HUD-92273, Estimates of Market Rents by Comparison**, provides the multifamily appraiser with a convenient and systematic means of analyzing comparable units, measuring and differences, and arriving at estimates of market rents by comparison for the subject unit. This form will be used by the appraiser to develop a Market Rent by Comparison. One form is prepared for each type and size (if significantly different) of rental units for each processed project. The rents derived from the utilization of these forms are used to support the rental housing project income analysis and appraisal on Form HUD-92264.
- j. **Form HUD-92274, Operating Expense Analysis Worksheet**, is used by HUD to approve rents, property appraisals, and mortgage amounts, and to execute a firm commitment.
- k. **Form HUD-92326, Project Cost Estimate**, is used as a project data development form and for entering firm costs in the data bank. The lender's cost analyst prepares this form. The Project Cost Estimate represents the Commissioner's final estimate of construction costs and will be used in establishing one of the upper regulatory limits for project mortgage insurance.
- l. **Form HUD-92329, Property Insurance Schedule**, is a guide for the mortgagee to determine the minimum property insurance for each building and the entire project. The Department collects this information to assure adequate insurance coverage. This form also informs the owner that he/she must maintain insurance on the property for the life of the mortgage.
- m. **Form HUD-92331, Summary of Cost Certification Review**, is a record prepared by the cost analyst of the cost certification review and a report containing any recommended disallowed amounts.
- n. **Form HUD-92485, Permission to Occupy – Project Mortgages**, is used to allow the mortgagor to initiate occupancy of the project. It represents certifications from the general contractor, mortgagor's architect, mortgagor, and mortgagee that all requirements under the construction contract and the building loan agreement have been satisfied, and the project is ready for occupancy. An occupancy permit from the municipality (code department) has to be obtained before this form can be certified.
- o. **Form HUD-92415; Request for Permission to Commence Construction Prior to Initial Endorsement for Mortgage Insurance** – This information is required whenever the mortgagor needs to commence construction prior to initial endorsement. The mortgagor has to do the following before receiving approval:
 - Provide a release of liens by the contractor and each prime sub-contractor who will be performing any work or services to the project;
 - Provide a conformed copy of the executed construction contract (approved under OMB 2502-0011);
 - Provide evidence that permanent financing has been arranged;
 - Have a firm commitment in hand and contract documents on file in a HUD office; and

- Provide good reason to the field office that initial endorsement is imminent.
- p. **Form HUD-92447, Property Insurance Requirements**, advises mortgagees of the types of property insurance required to be maintained upon the subject property and of the estimate of the Commissioner of the total 100% insurable value of the property.
 - q. **Form HUD-92452, Performance Bond** – Double Obligatee. This form ensures HUD and the mortgagor that in the event of a project default; the surety company will complete the construction of the project and satisfy all construction project liens.
 - r. **Form HUD-92010, Equal Employment Opportunity Certification**, is the contractor's certification that when it comes to employment, he/she will seek applications from all qualified applicants, regardless of race, color, or creed. Additionally, the contractor further states that he/she will comply with all provisions of Executive Order 11246.
 - s. **HUD-91708, Agreement for Payment of Real Property Taxes by Sponsor**. The mortgagee is willing to lend the mortgagor a sum of money to pay real estate taxes on said project, secured by the mortgage. This agreement assures the payment of taxes in the event the Project does not obtain or loses its abatement or exemption from real estate taxes in the future. The mortgagee and the mortgagor are unwilling to insure said project unless both parties sign this document.
 - t. **Form FM-1006, Verification of Deposit**. The information on the form is used in determining whether or not the prospective mortgagor may qualify under the Multifamily Housing Program. The contents will not be discussed outside of HUD except as required and permitted by law. Verification of deposit is a standard business practice and no burden is ascribed thereto.
 - u. **Form HUD 2880, Application/Recipient Disclosure/Update Report**. The information is used in evaluating individual assistance applications and in performing internal administrative analyses to assist in the management of specific HUD programs. The information is also used in making the determination under Section 102(d) whether HUD assistance for a specific housing project is more than is necessary to make the project feasible after taking account of other government assistance.
 - v. **Form HUD-92466, Regulatory Agreement for Multifamily Housing Projects**. The Department will use this information to determine if the project meets statutory requirements with respect to the development and operation of the project. This instrument shall bind, and the benefits shall inure to, the respective Owners, their heirs, legal representatives, executors, administrators, and successors in office or interest, and assigns, and to the Secretary and his successors so long as the contract of mortgage insurance continues in effect.
 - w. **HUD-92466, R1, R2, R3, R4 Rider Agreements**. The Master Lease Structure is a tiered ownership structure with a Master Tenant leasing the entire project from the Mortgagor/Lessor, and then entering into sub-leases, which are sometimes master sub-leases, with commercial and/or residential tenants. The Master Lease structure differs from the more traditional ownership structure in that project assets and revenues under a Master Lease structure pass through a number of tiers and, in doing so, come under the control of entities other than the Mortgagor. The Master Tenant and Master Sub-lessees will execute the standard HUD regulatory agreement with a special rider attached to address the various ownership and operational responsibilities with respect to the mortgaged property.
 - u. **Form HUD-92408, Amendment to AIA Document B108**. This form is a standard form of agreement between Owner and Architect for building design and construction contract administration that is intended for use on federally insured or funded projects. Document contains terms and conditions that are

unique to federally insured or federally funded projects. Specifically, HUD has added provisions mandating that binding arbitration be stricken from the AIA Document B108 and excluding any possibility that HUD will be subject to binding arbitration.

v. Form HUD-2.. This form is usually completed by HUD staff. It is being included with the application package to address the temporary requirements of Mortgagee Letter, ML 2013-08 and Notice 2013-05, involving the emergency preparedness for Disaster Recovery, specifically, Hurricane Sandy/Superstorm Response - Expedited Processing for FHA Multifamily Mortgage Insurance Applications. The mortgagee letter requires lenders to complete waivers as part of the application submission on a draft HUD-2 form, citing the specific waiver provisions requested.

4. As an active participant on the President's Management Agenda E-Gov E-Authentication initiative, all efforts in developing E-Signatures are being pursued by HUD. In the meantime the forms are available on HUDCLIPs in pdf fillable format.
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. Multifamily housing 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. HUD requires two originals of the form HUD-92485. One copy is submitted with the docket file, and one goes to the local HUD office that has jurisdiction over the loan. Because of the amount of money involved, other parties also require originals, including the mortgagee, the owner/borrower, the contractor, and the architect.
8. In accordance with 5 CFR 1320.8(d), the agency's notice soliciting public comments was announced in the Federal Register on April 4, 2013 (Vol. 78 No. 65, pages 20351).
9. No payments or gifts of any kind are provided to respondents.
10. 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.
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	1,045	1.00	1,045	2.00	2,090	\$40	\$ 83,600
HUD-92013-Supp	3,135	1.00	3,135	2.00	6,270	\$30	188,100
HUD-92013-A	1,045	1.00	1,045	16.00	16,720	\$40	668,800
HUD-92013-B	1,045	1.00	1,045	16.00	16,720	\$40	668,800
HUD-92013-C	1,045	1.00	1,045	1.00	1,045	\$40	41,800
HUD-92013-E	50	1.00	50	8.00	400	\$30	12,000
HUD-92264	1,045	2.00	2,090	114.00	238,260	\$35	8,339,100
HUD-92264-A	1,045	3.00	3,135	8.00	25,080	\$40	1,003,200
HUD-92273*	1,045	1.00	1,045	18.00	18,810	\$40	752,400
HUD-92274	1,045	1.00	1,045	18.00	18,810	\$40	752,400
HUD-92326	1,045	1.00	1,045	20.00	20,900	\$30	627,000
HUD-92329	1,045	3.00	3,135	0.08	250	\$40	10,032
HUD-92331	1,045	2.00	2,090	5.00	10,450	\$40	418,000
HUD-92485	1,045	1.00	1,045	4.00	4,180	\$30	125,400
HUD-92415	50	1.00	50	1.00	50	\$30	1,500
HUD-92447	1,045	3.00	3,135	0.08	250	\$50	12,500
HUD-92452	1,045	1.00	1,045				
HUD-92010	1,045	2.00	2,090	1.00	2,090	\$30	62,700
HUD-91708	1,045	1.00	1,045	1.00	1,045	\$30	31,350
HUD-2880	1045	1.00	1,045	1.00	1,045	\$50	52,250
HUD-92466-R1, R2, R3, R4	25	1.00	25	0.50	12	\$30	360
HUD-92408	247	2.00	494	2:00	988	\$103	101,764
HUD-92466	25	1.00	25	1.00	25	\$103	2,575
FM-1006	1,045	1.00	1,045				
HUD-2**	10	1.00	10	.50	6	\$20	120
Totals	3442		32,004		385,496		\$13,955,751

The hourly rate is an estimate based on an average annual salary of \$62,000 for developers and mortgagees.

*HUD-92273, Estimates of Market Rent by Comparison, supports the appraiser's market rent estimates on forms HUD-92264. One form is to be prepared for each type and size (if significantly different) of rental units for each processed project. The rents derived from the utilization of these forms are used to support the rental housing project income analysis and appraisal on Form HUD-92264.

**HUD-2, is usually completed by HUD staff. It is being included with the application package to address the temporary requirements of Mortgage Letter, ML 2013-08 and Notice 2013-05, involving the emergency preparedness for Disaster Recovery, specifically, Hurricane Sandy/Superstorm Response - Expedited Processing for FHA Multifamily Mortgage Insurance Applications. The mortgagee letter requires lenders to complete waivers as part of the application submission on a draft HUD-2 form, citing the specific waiver provisions requested.

13. There are no additional costs to respondents.

14. Annualized burden and cost to the Federal government:

Our third party partners processed 1,045 firm applications in Fiscal year 2011.

Information Collection	Total Annual Forms	Average Hours Per Response	Total Hours	Hourly Rate	Estimated Annual Cost
HUD-92013	1,045	2.00	2,090	\$40	\$ 83,600
HUD-92013-Supp	3135	2.00	6,270	\$40	250,800
HUD-92013-A	1,045	16.00	16,720	\$40	668,800
HUD-92013-B	1,045	16.00	16,720	\$40	668,800
HUD-92013-C	1,045	1.00	1,045	\$40	41,800
HUD-92013-E	50	2.00	100	\$40	4,000
HUD-92264	1,045	4.00	4,180	\$40	167,200
HUD-92264-A	1,045	4.00	4,180	\$40	167,200
HUD-92264-T	1,045	4.00	4,180	\$40	167,200
HUD-92273	1,045	15.00	15,675	\$40	627,000
HUD-92274	1,045	8.00	8,360	\$40	334,400
HUD-92326	1,045	5.00	3,135	\$40	125,400
HUD-92329	1,045	5.00	3,135	\$40	125,400
HUD-92331	1,045	5.00	3,135	\$40	125,400
HUD-92485	1,045	5.00	3,135	\$40	125,400
HUD-92415	50	0.08	4	\$40	160
HUD-92447	1,045	0.08	83	\$40	3,320
HUD-92452	1,045	0.08	83	\$40	3,320
HUD-92010	1,045	1.00	1,045	\$40	41,800
HUD-91708	1,045	0.08	83	\$40	3,320
FM-1006	1,045	0.08	83	\$40	3,320
HUD-2880	1,045	0.08	83	\$40	3,320
HUD-92466	25	1.00	25	\$40	1,000
HUD-92408	247	2.00	494	\$40	80
HUD-92466-R1, R2, R3, R4	25	0.08	2	\$40	80
HUD-2**	10	.50	5	\$20	100
TOTALS	23,397		94,045		\$3,742,120

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

15. This is a revision of a currently approved collection. Multifamily Development included required documents in a format approved by HUD, this information has always been required to be completed by Lenders but not in a standardized format. The future number of documents requested by HUD will be reduced by the introduction of our new automated underwriting software system currently in development. The new system will allow Lenders to submit all processing documents electronically.

16. Collection of this information will not be published. Each form will be maintained with the HUD Program Office in individual case 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 Form OMB 83-I.

B. Collections of Information Employing Statistical Methods

This collection does not involve statistical methods.