

# Supporting Statement for Paperwork Reduction Act Submissions

## Personal Financial and Credit Statement OMB Control Number 2502-0001 (HUD-92417)

### A. Justification

1. Under Section 207 (b)(1) and (2) of the National Housing Act (Public Law 479, 48 Stat. 1246, 12 U.S.C. 1713 et seq.) the applicable portion of which are attached for references, the Secretary is authorized to insure mortgages on property held by (1) Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operations; or (2) any mortgagor approved by the Secretary. The Secretary may at his discretion, require any such mortgagor to be regulated or restricted as to rents, sales, charges, capital structure, rate of return, and methods of operation so as to provide reasonable rentals to tenants and a reasonable return on investment.

The Department, in accordance with regulations cited in 24 CFR 207.1(b) (2), is legally required to collect information to evaluate the character, ability, and capital of the sponsor, mortgagor, and general contractor for mortgage insurance. The financial analysis of the project's principal participants is an integral part of the underwriting process. The development of a multifamily rental property is subject to certain inherent risks that the Department must assess. A project may be subject to costly construction delays, incompetent management, and a probability that income will not cover project expenditures if a comprehensive credit analysis is not conducted. Therefore, the Department is legally obligated to review the mortgagor's financial capacity in order to minimize the risk to the insurance fund.

2. Form HUD-92417, Personal and Financial Credit Statement, is a part of the credit investigation during the Site Appraisal and Market Analysis (SAMA)-Feasibility stage for non-profit sponsors/mortgagors and housing consultants and during the commitment stage in for all other sponsors/mortgagors, principals of the mortgagor entity, and general contractors. FHA-approved lenders and HUD personnel use the information to analyze the financial capacity, reputation, experience, and the ability of the project sponsor to develop a successful project, and to determine if the sponsor has sufficient financial resources to complete and maintain the property.

Form HUD-92417 is used only for individuals, and is completed in conjunction with the basic application form, HUD-92013 (OMB Control Number 2502-0029) as a required exhibit. The information obtained is the minimum required to make a determination of the financial and credit status of the respondent. The respondents are individuals of business entities, non-profit entities, corporations, and general contractors. The Privacy Act Notice Statement, therefore, is applicable.

Corporate or partnership mortgagors do not use the form and are not a part of this information collection. Corporate or partnership mortgagors submit balance sheets, income and expense statements, and other financial reports to demonstrate credit worthiness (OMB control number 2502-0029).

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 9/2016 for implementation assuming all goes well with procurements.
4. A review of multifamily housing forms confirms that no other form provides this particular information. Mortgagor/sponsors are required to submit information regarding their financial capacity and credit worthiness during the initial application stage. There are no known methods to reduce the collection burden; this form is only submitted once unless there is a change in the mortgagor's financial status.
5. By requiring the submission of this form only once, during the application phases, unless there are changes in the financial status, the Department minimizes the burden on small businesses or other small entities.
6. This information is only submitted once when an application for mortgage insurance is made. The consequence of less frequent collection would inhibit the Department from making sound conclusions and the ability to obtain adequate information regarding the character, ability, and capital of the sponsor, mortgagor, and the general contractor. As a result, if the collections were conducted less frequently the Department would be exposed to increased risk in fraud, waste, and mismanagement.
7. There are no special circumstances involved in this collection.
8. In accordance with 5 CFR 1320.8(d), the agency's notice soliciting public comments was announced in the *Federal Register* on May 20, 2015 (Vol. 80, No. 97, page 29017). No comments were received.

Consultation was provided by mortgage credit staff 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 L. Cooper, Technical Specialist/Branch Chief  
U.S. Department of Housing and Urban Development  
Multifamily Production  
400 State Avenue  
Kansas City, Kansas 66101  
(913)551-6827

Linda Preston, Loan Specialist  
U.S. Department of HUD  
Atlanta Multifamily Hub  
Richard B. Russell Federal Building  
75 Spring Street, SW., 12<sup>th</sup> Floor  
Atlanta, GA 30303  
(404) 331-5001 ext. 2355

Melissa Peters, Director  
Wells Fargo Capital  
2 North Charles Street, Suite 850  
Baltimore, MD 21201  
(410) 727-2111 ext. 107

9. There are no payments or gifts of any kind provided to respondents.
10. Each respondent who completes the form will read the Privacy Act Statement. The Department's policy requires the collection of information, and failure to do so will result in disapproval of participation in the HUD program and/or delayed action on the proposal.

We assure confidentiality to respondents in accordance with the Freedom of Information Act (FOIA). If this information collection was not collected, it could have an impact on the ability of the Department's mission to provide safe and sanitary housing units.

11. This form does not request information that is considered sensitive in nature.

12. Estimates of public burden and costs to respondents:

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost	Annual Cost
HUD-92417	1,555	1	1,555	8	12,440	\$25.00	\$311,000

The estimated median hourly rate for mortgage credit staff in the private sector is approximately \$25.00 per hour.

13. There are no additional costs to respondents.

14. Estimate annualized costs to the Federal government:

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hour Per Response	Annual Burden Hours	Hourly Cost	Annual Cost
HUD-92417	1,555	1	1,555	.2	3,110	\$39.83	\$123,871

The hourly rate is based on the average Federal salary of GS level 12, step 5 \$82,845 or \$39.83 per hour.

15. This is an extension of a currently approved collection. The number of respondents has decreased from the previous information collection because HUD's previous submission included corporations or partnerships in the number of respondents. Form HUD-92417 is only for individual mortgagors and principals. Corporate or partnership mortgagors do not use form HUD-92417; they are required to submit financial statements to demonstrate credit worthiness (OMB Control No. 2502-0029).
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 for Paperwork Reduction Act Submission," item 19 of the OMB 83-I.

**B. Collections of Information Employing Statistical Methods.**

This collection does not employ statistical methods.