

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-D, 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, HUD-92466, (Rider Forms – HUD-92466-R1, -92466-R2, -92466-R3, -92466-R4, -92466-R5), HUD-92466M, HUD-2408 HUD-95379 and HUD-2.

1. Justification

Under Sections 207, 221, 223, 231, and 241 of the National Housing Act (Public Law 479, 48 Stat. 3546, 35 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 collection is utilized during the processing of an application for FHA insured mortgage. 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 insured mortgage 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. A brief description of the forms submitted in support of this revision is below.

The following program revisions are made and include the following information collection:

Supplemental application forms: 1) HUD-92013-D entitled "Owner's Certification For Broadly Affordable, Affordable, Green/Energy Efficient Multifamily Housing Mortgage Insurance Premiums and the Acceptance of Housing Choice Vouchers and 2) a Rider, HUD-92466-R5. The information collection is part of HUD's mission to promote affordable and energy efficient rental housing. These forms are supplements to Form HUD-92013, Application for Multifamily Housing Project. The information collection on the supplemental forms provide HUD with the owner's commitment to pursue a third-party certification from one of seven (7) green/energy efficient programs or provide affordable rental housing to access a lower mortgage insurance premium. The information collection allows the multifamily staff to determine the appropriate mortgage insurance premium to apply in the underwriting of the loan for a FHA insured mortgage.

- 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 standardized 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-D, titled “Owner’s Certification and Acknowledgement of Program Obligation for Broadly Affordable, Affordable and Green/Energy Efficient Multifamily Housing Mortgage Insurance Premiums (MIPs)and the Acceptance of Housing Choice Vouchers”.** This supplemental form is required at the submission of an application for a FHA insured mortgage except for market rate rental housing. The owner/sponsor will certify to the terms and conditions made for the issuance of a commitment to access the mortgage insurance premium for the Broadly Affordable, Affordable and the Green/ Energy Efficient Housing simplified rate categories.
- f. **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-359 requires Federal agencies to obtain credit reports under programs authorizing guaranteed and insured loans. Each sponsor and the general contractor must submit this form.
- g. **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.
- h. **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.

- i. **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.
- j. **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.
- k. **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.
- l. **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.
- m. **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.
- n. **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.
- o. **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.
- p. **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.

- q. **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.
- r. **Form HUD-92452, Performance Bond** – Double Obligee. 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.
- s. **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 13546.
- t. **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.
- u. **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.
- v. **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.
- w. **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.
- x. **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.
- y. **HUD-92466, R-5 Rider Agreement**. This rider will be executed by the mortgagor at endorsement of the HUD commitment for mortgage insurance for only the affordable rate category. It binds the mortgagor to the specified terms and conditions set forth in Form HUD-92013-D to access the mortgage insurance premium for the Affordable simplified rate categories. A loan application that is eligible for

the Affordable simplified rate the mortgagor will agree to accept tenants with section 8 vouchers (non-PBRA) or other federal program voucher holders as residents for vacancies in units not covered by project PBRA for the life of the regulatory agreement.

- z. **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.

 - aa. **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.

 - bb. **Form HUD-95379.** This form is used for documenting property site visits and evaluation of multifamily projects for, e.g. new construction, substantial rehabilitation, and report work. The HUD Representative Trip Report is used to report on work progress from start to 100 percent completion; the status of physical work written accurately, thorough, well considered and comprehensive. The preparer is to write in narrative form full and detailed information concerning each area and/or items inspected. This Form is prepared by the designated member of the HUD Architecture and Engineering Staff, e.g., Inspector, HUD Representative, Construction Manager, or others including supervisory personnel. The original Form is retained by the designated person who prepares the report and as necessary to the architect, owner, or builder. When inspections are conducted by an inspection contractor, copies shall be provided to the Government Technical Monitor (GTM) and Government Technical Representative (GTR) based on contract requirements.
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 and budget constraints have affected the projected date. The 2016 Budget allows for partial implementation, Phase I, in fiscal year 2016. The projected date for full implementation is fiscal year 2017 assuming all goes well with procurements.
 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 _____, 2016 (Vol. xx No. xx, pages xx). The date will be provided when the 60day notice of Information Collection is posted.
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 Notice is printed on the appropriate forms (shown below). 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.
Privacy Act Notice: The United States Department of Housing and Urban Development, Federal Housing Administration, is authorized to solicit the information requested in the form by virtue of Title 12, United States Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. While no assurance of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information Act request.
11. The forms do not include questions of a sensitive nature.
12. Estimated burden hours and costs to the respondents:

The public reporting burden for this collection of information estimation is 352,182 of burden hours and 5,576 of non-burden hours. This includes the time for collecting, reviewing, and reporting the data. The information is being collected for the processing of an application for FHA insured mortgage. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number. No confidentiality is assured. The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control number 2502-0029. There is no personal information contained in this application. Information on activities and expenditures of grant funds is public information and is generally available for disclosure. Recipients are responsible for ensuring confidentiality when disclosure is not required. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.”

The breakout of burden hours, non-burden hours and cost are included in the matrix. Our simplified mortgage insurance premiums encourage owners to pursue building standards that are higher than normal practices. The burden and cost associated with an owner volunteering to pursue a green/energy efficient program and incorporate energy efficient building designs and standards into the scope of work are industry standard practices. The reporting burden for green building certification estimation is 476 non-burden hours. The information collection is industry standards and collected whether an owner is seeking a FHA insured mortgage or non-FHA insured mortgage. The additional reporting burden for the information collection on the supplemental Form HUD-92013-D and the Rider Form HUD-92466-R5 is 1.50 hours. The information collection on the supplemental forms will be used by HUD staff during underwriting and processing of the loan application for completeness and to determine the appropriate mortgage insurance premium category.

HUD anticipates eighty-two (82) of owners of market rate properties may elect to benefit from the green/energy efficient simplified mortgage insurance premium and complete Forms HUD-92013-D. The projected count of applicants to submit this form is captured in the matrix. It is based on the number of energy retrofitted properties identified with a commitment in fiscal year 2015. During this period, seventy-eight (78) energy retrofitted properties were identified as green/energy efficient properties. A five percentage increase or 5 additional projects have been added to account for respondents that may try to obtain the certification but may not complete the process $[78.5+3.9=82.4]$. We had 288 affordable and 714 market rate properties with a commitment in fiscal year 2015. Approximately 82 or 11% market rate properties may choose to pursue a green/energy efficient program and complete these forms. The aggregate of affordable and potential market rate applications estimation is 370 $[288+ 82]$.

Multifamily does not have a database of owners that have achieved or have pursued industry standard practices to provide an accurate account of burden hours. An owner may spend between 45-90 hours pursuing compliance for green building certification. An average reporting burden estimation of 68 hours is used in the matrix for non-burden hours. This estimation is the result of a review into each of the seven (7) green building programs webpage, email inquiries, and telephone calls. The results produced a wide range of collection activities depending on the rating system chosen by the owner. The burden hours shown in the matrix take into consideration the initial online application submission, review of the energy efficient reference materials, checklists and/or guidance on achieving certification, attend meetings, respond to follow-up questions and request for documentation, onsite verification and compile and submit of required documentation for building recognition and certification.

As part of the FHA application process for mortgage insurance, an owner is required to certify on Form HUD-92013-D to receive the benefit of the lower mortgage insurance premium. The MAP guide collection [OMB control number 2502-0541] requires an owner to submit in their application verification utility consumption data for energy and water use [for a period of 12 months or for the projected 12 month year] following completion of the project. Such verified data must be entered into Portfolio Manager, a free tool, provided by the Environmental Protection Agency (EPA).

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	1,002	1	1,002	2	2,004	\$48	\$96,192
HUD-92013-Supp ²	3,006	1	3,006	2	6,012	\$48	\$288,576
HUD-92013-A ³	524	1	524	16	8,384	\$48	\$402,432
HUD-92013-B ⁴	230	1	230	2	460	\$48	\$22,080
HUD-92013-C	1,002	1	1,002	1	1,002	\$48	\$48,096
HUD-92013-D ⁵	370	1	370	1	370	\$48	\$17,760
HUD-92013-E	5	1	5	8	40	\$48	\$1,920
HUD-92264	1,002	2	2,004	114	228,456	\$48	\$10,965,888
HUD-92264-A	1,002	3	3,006	8	24,048	\$48	\$1,154,304
HUD-92273	1,002	1	1,002	18	18,036	\$48	\$865,728
HUD-92274	1,002	1	1,002	18	18,036	\$48	\$865,728
HUD-92326	1,002	1	1,002	20	20,040	\$48	\$961,920
HUD-92329	1,002	3	3,006	0.08	240	\$48	\$11,543
HUD-92331	1,002	2	2,004	5	10,020	\$48	\$480,960
HUD-92485	1,002	1	1,002	4	4,008	\$48	\$192,384
HUD-92415	601	1	601	1	601	\$48	\$28,848
HUD-92447	1,002	3	3,006	0.08	240	\$48	\$11,543
HUD-92452	1,002	1	1,002	2	2,004	\$48	\$96,192
HUD-92010	1,002	2	2,004	1	2,004	\$48	\$96,192
HUD-91708	1,002	1	1,002	1	1,002	\$48	\$48,096
HUD-2880	1,002	1	1,002	1	1,002	\$48	\$48,096
HUD-92466-R1, R2, R3, R4	20	1	20	0.75	15	\$48	\$720
HUD-92466-R5	288	1	288	0.5	144	\$48	\$6,912

HUD-92408 OMB Control No. 2502-0598	1,002	1	1,002				
HUD-92466M OMB Control No. 2502-0598	1,002	1	1,002				
FM-1006	1,002	1	1,002				
HUD-95379	1,002	2	2,004	2	4,008	\$48	\$192,384
HUD-2**	10	1	10	0.5	5	\$48	\$240
Totals	1,002	1	34,112	229	352,182	\$1,200	\$16,904,734

Non-burden hours for Industry Standard Practices for Energy Efficient/Green Building Programs***

Information Collection	Number of Respondents⁶	Frequency of Response	Responses Per Annum	Burden Hours Per Response⁷	Annual Burden Hours	Hourly Cost	Total Annual Cost
The Enterprise Green Communities Criteria	11	1	11	68	748	\$36	\$26,928
U.S. Green Building Council's LEED-H, LEED-H Midrise, LEED-NC	12	1	12	68	816	\$36	\$29,376
ENERGY STAR Certification	12	1	12	68	816	\$36	\$29,376
EarthCraft House and EarthCraft Multifamily	12	1	12	68	816	\$36	\$29,376
Earth Advantage New Homes	12	1	12	68	816	\$36	\$29,376
Greenpoint	11	1	11	68	748	\$36	\$26,928

Rated New Home, Greenpoint Rated Existing Home (Whole House or Whole Building label)							
the National Green Building Standard (NGBS)	12	1	12	68	816	\$36	\$29,376
Totals	82	7	82	476	5,576	\$252	\$200,736
Portfolio Manager (EPA's free tool)⁸							
Gather data and register online	82	1	82				
Enter property (upload/manually) utility consumption data	82	1	82				
Totals	82	2	82				

*The hourly rate of a lender is \$48. The hourly rate of an architect is \$35.

The lender submits the loan application to HUD for review on behalf of the borrower. The architect, third party partners, assists with the green building documentation. The hourly rates for a lender and architect shown in the matrix were found on the Department of Labor website.

The data used in the matrix on reporting burden hours associated with HUD forms is based on commitments received during fiscal year 2015 in DAP as of January 21, 2016.

¹The number of respondents for the Form HUD-92013, for all MAP programs is 1,002.

²The number of respondents for HUD 92013-SUPP is 3,567 [1,002 x 3 = 3,006]. This is based on 3 principals per loan application. This number varies significantly based on the type of transaction.

³The number of respondents for the Section 223(f) refinance/acquisition program, Form HUD-92013-A is 524.

⁴ The number of respondents for new construction/substantial rehabilitation programs, Form HUD-92013-B is 230. This involves Sections 220, 221, 231, and 241(a).

⁵The anticipated number of respondents to complete Form, HUD-92013-D is 288. This is based on the number of affordable properties with a commitment].

⁶The anticipated number of respondents to pursue a green building certification is 82. There are seven (7) industry recognized green/energy efficient certification programs [82/7=11.7].

⁷The average reporting burden for the green/energy efficient certification collection is 68 [45+90/2].

⁸The collection of utility data and the use of Portfolio Manager is covered by OMB control number 0029-0541.

**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.

***Industry standard practices are estimates and will vary based on program criteria and design selection.

13. There are no additional costs to respondents.

The information collection for the green building certification process is collected whether the respondent is seeking a FHA insured mortgage or a non-FHA insured mortgage. The reporting burden is an industry recognized standard practice. Owners elect to pursue industry standard practices to receive the benefit of the lower MIP in underwriting the loan for a FHA insured mortgage.

The cost associated with achieving the green standard practices are incurred whether the owner is applying for FHA financed or a non-FHA financed insured mortgage. As part of HUD’s mission to increase affordable and energy efficient rental housing, the Office of Multifamily Housing is encouraging owners to adopt rehabilitation, repairs, maintenance, and property operations that are more sustainable than traditional approaches to such activities, and results in a project that is more energy efficient, costs less to operate, has better indoor air quality, and reduces its overall impact on the environment.

An affordability housing strategy, Inclusionary Zoning (IZ), requires at least 10% of unit in a project set-aside that meet affordability criteria is being recognized and eligible for the affordable rate category. Local and state localities offer flexible zoning regulations to developers that commit to produce and set-aside a specified amount of affordable rental housing in exchange for greater development potential in land use to promote affordable housing. It is anticipated that the respondents as a result of the inclusion of IZ are the same respondents that are normally involved in multifamily housing project development. The IZ program provides incentives to developers to produce affordable units in market-rate properties.

The number of respondents is anticipated to be minimal. It is anticipated that approximately 10 applications will be submitted for a FHA insured mortgage. The table below provides the calculation used to anticipate the number of applications with affordable units produced under the IZ affordable housing strategy. In the article published in “Inclusionary Housing – A Series of Research & Policy Briefs” dated July 2014, there were 4,000 units produced during a decade. This is 400 units produced through IZ a year. Using historical MF Production commitment data for new construction or substantial rehabilitation loans per year over the last three fiscal years, the average number of NCSR loans is 135 with an average of 165 units per loan application. This is equivalent to an average of two FHA-insured projects per year. As more local and state governments adopt IZ policies to address affordable housing challenges, the number of loans will likely increase each year. However, the estimated production is not enough to demonstrate a material impact on MF production volume. The article states that this is an emerging trend that will likely produce a significant number of affordable housing units through the use of incentives that relax zoning restriction to offset the costs to developers through density bonuses and other regulatory reliefs.

Table - Production Data

Year	#of non-assisted NCSR Production	#Units	Volume (millions)

<u>FHA commitments</u>			
2012	130	22,710	\$2,500,000
2013	105	16,079	\$1,800,000
2014	<u>101</u>	<u>16,529</u>	<u>\$1,600,000</u>
Average Loans per year	135	18,439	\$1,966,667
Average unit count		165	
<u>non-FHA IZ production</u>			
2003-2013		4,000	
1/year		400	
<u>Projection of IZ transaction using FHA financing - first year of rate change</u>			
Year 1	2		
Year 2	5		
Year 3	10		

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14. Annualized burden and cost to the Federal government:

Our MAP lenders processed 1,002 commitments in Fiscal year 2015. The number of commitments reflects Development Application Processing System (DAP) data as of January 25, 2016. The hourly cost of a GS – 12/5 Federal salary of \$42. It takes a federal employee 36 hours to review one loan application [36x1,002=\$36,072]. 36,072x\$42=\$1,515,024. There is no burden to the government to review the energy efficient/green building application because it is not submitted with the MAP application.

15. This is a revision of a currently approved collection. The supplemental Forms HUD-92013-D and Rider HUD-92466-R5 will assist in the processing of the FHA mortgage insurance application to determine the appropriate mortgage insurance premium. HUD is proposing a change to the premium rate structure that will simplify the premiums charged into four rate categories: Market Rate, Broadly Affordable, Affordable, and Green/Energy Efficient Housing. The premium reductions are focused on HUD's initiative to promote affordable and green/energy efficient multifamily rental housing. HUD will require owners/sponsor to sign a written certification and submit with the FHA mortgage insurance application that outlines the terms and condition for access to the simplified rate structure. At endorsement of the loan, the mortgagor will execute a Rider, Form 92466-R5 binding the owner to the agreed upon terms and condition.. The number of respondents is based on 1,002 commitments issued in fiscal year 2015. 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.

¹ Hickey, Robert, Inclusionary Upzoning: Tying Growth to Affordability

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.