

Supporting Statement for Paperwork Reduction Act Submissions

Comprehensive Transactional Forms Supporting FHA's Section 242 Program for Hospitals OMB Control Number 2502-0602

A. Justification

1. Why this information is necessary:

The Department of Housing and Urban Development, Federal Housing Administration, is authorized to collect information that may be requested in these forms by virtue of: The National Housing Act, 12 USC 1701 et seq. and the regulations at 24 CFR 5.212 and 24 CFR 200.6; and the Housing and Community Development Act of 1987, 42 USC 3543(a). The information requested is required specifically for the application and administration of the Section 242 Hospital Mortgage Insurance Program pursuant to 24 CFR 242, 241, 223(f), and 223(a)(7).

The collection is a comprehensive list of HUD forms needed for processing applications and loan endorsements for FHA mortgage insurance under the Section 242 Hospital Mortgage Insurance Program, for ongoing asset management of those FHA-insured facilities, and other information related to these facilities for loan modifications, construction projects, and physical and environmental reviews. This information is requested and is used by the Office of Healthcare Facilities (OHF) and Office of Architecture and Engineering (OAE) within FHA's Office of Healthcare Programs (OHP).

This collection is needed to correct, revise, update, and supersede the previous collection finalized by OMB on 2/18/2014. The previous collection has many problems. This collection is needed to bring the forms in line with other program areas in FHA and make them consistent with current regulations (24 CFR Part 242) and policy (Handbook 4615.1).

The revised collection will remove the following forms from the 2502-0602 collection: HUD-2-OHF, HUD-3305-OHF, HUD-41901-OHF, HUD-92010-OHF, HUD-92421-OHF, HUD-92432-OHF, HUD-92447-OHF, HUD-92450-CA-OHF, HUD-92451-OHF, HUD-92453-NH-OHF, HUD-92457-OHF, HUD-92580-OHF. These forms are either not needed for the 242 Program, internal forms that do not require input from external parties, or covered by one of the new forms included in this revision.

These forms will be renamed in the revised collection: HUD-2205A-OHF will be renamed HUD 92205-OHF, HUD-2434-OHF will be renamed HUD-92434-OHF, HUD-2466-GP-OHF will be renamed HUD-92466-OHF, HUD-92403.1-OHF will be renamed HUD-92403A-OHF, HUD-92476.1-OHF will be renamed HUD-92476-OHF, HUD-2576-OHF will be renamed HUD-92576-OHF, and HUD-4128-OHF will be renamed HUD-94128-OHF.

Information is collected from OHF staff, mortgagees, mortgagors, contractors and agents to manage and monitor the application, project administration and initial/final endorsement of projects undertaken by Office of Hospital Facilities.

2. How the information will be used:

- ***What information will be collected - reported or recorded?***

The information collected is information needed by HUD to review Section 242 applications to determine the eligibility of applicant hospitals for FHA mortgage insurance, underwrite the loans, ensure that the collateral securing each loan is adequate, and capture administrative data to be used in determining whether the Program meets its stated goals and management objectives. Information is also collected to process initial/final endorsement of loans that qualify for Section 242 hospital mortgage insurance. Information is also reported for ongoing asset management of FHA-insured

facilities as required by regulations. Additional information related to loan modifications, construction projects, and physical and environmental reviews is collected if applicable.

The collection requires the identifiable information be submitted for the business entities applying for mortgage insurance. Though individuals may be the principal participants in these entities, the data they provide is related to their business relationship(s) rather than their personally identifiable information.

Part of our loan application process requires verification of financial strength and viability of both the business entity and its management. This verification is done through screening in the HUD Active Partners Performance System (APPS) and Business Partner Registration System (BPRS). Applicants are able to enter their personal information directly in the BPRS and APPS; however, if they choose to submit a paper submission for APPS instead of using the electronic option, then they must provide the necessary personal information for the HUD reviewer to enter the data into the system and conduct the Previous Participation review. APPS and BPRS are systems used throughout the Office of Housing, and are not unique to the Office of Healthcare Programs. Any forms in this information collection that do contain personal/sensitive information do contain the appropriate Privacy Act Notice in the document heading.

- ***From whom will the information be collected?***

The respondents are mortgage bankers, hospital management officials, general contractors, architects, and others involved in hospital facility projects, which may, at times include local government entities and other third parties.

- ***What will this information be used for?***

The information collected will be used by HUD to review Section 242 applications to determine the eligibility of applicant hospitals for FHA mortgage insurance, underwrite the loans, ensure that the collateral securing each loan is adequate, and capture administrative data to be used in determining whether the Program meets its stated goals and management objectives. Information will be used to process initial/final endorsement of loans that qualify for Section 242 hospital mortgage insurance, and for ongoing asset management of FHA-insured facilities as required by regulations. Information will be used to process loan modifications, monitor construction projects, and to conduct physical and environmental reviews when applicable.

- ***How will the information be collected?***

Information is collected in forms submitted by hard copy and electronically via CD/DVD or flash drive. Other forms may be submitted in hard copy, facsimile or via email attachment.

- ***Does the respondent have multiple options for providing the information?***

No. The Public Reporting section clarifies that response to requested information is required in order to receive the benefits to be derived.

- ***How frequently will the information be collected?***

The information will be collected once unless there is a modification made at a later point, after initial submission, requiring forms to be updated. The same applies for any errors or inconsistencies discovered by HUD in the review process that will need to be corrected or updated by the applicant.

- ***Will the information be shared with any other organizations inside or outside HUD or the government?***

Legal documents and information will be shared with the Office of General Counsel within HUD and also the counsel of the mortgage banker and/or hospital as needed to complete transactions. Information for HUD APPS and BPRS screening may be shared with the Office of Multifamily that administers those applications and processes. Most of the application information will be used by the Office of Hospital Facilities and Office of Architecture and Engineering within the Office of Healthcare Programs to review applicants for eligibility.

• ***If this is an ongoing collection, how have the collection requirements changed over time?***

This information collection has changed over time to reflect the regulatory change and account for the differences in the market response and burden of those submissions as a result of the actions resulting from the 242 Federal Housing Administration Hospital Mortgage Insurance Program—Refinancing Hospital Loans rule. The collection also reflects changes that were released in Handbook 4615.1 Rev-1, Hospital Mortgage Insurance Program Section 242 of the National Housing Act, which supplements the Section 242 statute and its implementing regulations (24 CFR Part 242) and provides detail guidance for lenders and hospitals participating in the hospital mortgage insurance program, as well as for HUD staff and other interested parties.

3. Currently the collection of information will be accessible via the internet, and forms will be in Microsoft Word or PDF-fillable forms, thus allowing electronic submission. Information is collected in forms submitted by hard copy and electronically via CD/DVD or flash drive. Other forms may be submitted in hard copy, facsimile or via email attachment.
4. This information is not collected elsewhere. There is no duplication of information collected from other sources within HUD.
5. There are no special provisions related to the information collection that will affect small businesses.
6. If the information were not collected, then HUD would not be able to administer FHA's Section 242 Mortgage Insurance Program for hospitals. HUD would not be able to review or process applications and loan endorsements for FHA mortgage insurance, perform ongoing asset management of existing FHA-insured facilities, and/or process loan modifications, monitor construction projects, and conduct physical and environmental reviews. HUD would also have no record of mortgage insurance or project completion to provide to the satisfaction of all parties of the contract and responsible local government officials.
7. There are no special circumstances that apply to this information collection.
8. In accordance with 5 CFR 1320.8(d), the agency's notice soliciting public comments will be announced in the Federal Register on October 9, 2015.
9. No gifts or payments are provided to respondents.
10. Any forms in this information collection that do contain personal/sensitive information do contain the appropriate Privacy Act Notice in the document heading and are protected under the Privacy Act and Freedom of Information Act and Housing and Community Development Act of 1987, 42 U.S.C. 3543. Mortgage insurance files and financial documentation 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. 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. No questions of a sensitive nature apply.

12. Estimates of the respondents' burden and costs:

Information Collection	Form Name	Number of Respondents	Frequ. of Resp.	Resp. per Annum	Avg. Burden Hour Per Response	Annual Burden Hours	Avg. Hourly Cost Per Response	Annual Cost
Industry Standard Business Practices								
ISBP	Industry Standard Business Practices	357	34	1712	0.2	224	-	-
Documents in 2502-0602								
HUD-91070-OHF	Consolidated Certifications Borrower	15	1	15	1	15	\$220	\$3,300
HUD-91071-OHF	Escrow Agreement for Off-site Facilities	3	2	6	0.5	3	\$100	\$300
HUD-91073-OHF	HUD Survey Instructions and Surveyor's Report	15	1	15	1	15	\$75	\$1,125
HUD-91111-OHF	Survey Instructions and Borrower's Certification	15	1	15	1	15	\$75	\$1,125
HUD-91725-OHF	Opinion by Counsel to the Borrower	15	1	15	2	30	\$220	\$6,600
HUD-92013-OHF	Application for Hospital Project Mortgage Insurance	15	1	15	4664	69960	\$75	\$5,247,000
HUD-92023-OHF	Request for Final Endorsement of Credit Instrument - Hospitals/Section 242	15	1	15	1.5	22.5	\$100	\$2,250
HUD-92070-OHF	Lease Addendum	10	1	10	0.5	5	\$220	\$1,100
HUD-92080-OHF	Change of Mortgage Record	10	1	10	0.5	5	\$75	\$375
HUD-92117-OHF	Borrower's Certification- Full or Partial Completion of Project	5	5	25	0.5	12.5	\$75	\$938
HUD-92205-OHF	Borrower's Pre-Closing Certificate of Actual Cost (Section 242/223f)	5	1	5	3.5	17.5	\$75	\$1,313
HUD-92223-OHF	Surplus Cash Note	5	1	5	0.5	2.5	\$220	\$550
HUD-92322-OHF	Intercreditor Agreement	8	1	8	3.5	28	\$100	\$2,800
HUD-92330A-OHF	Contractor's Certificate of Actual Cost - Hospitals/Section 242	15	1	15	2	30	\$75	\$2,250
HUD-92330-OHF	Borrower's Certificate of Actual Cost - Hospitals/Section 242	15	1	15	1	15	\$75	\$1,125
HUD-92403A-OHF	Borrower's And Architect's Certificate of Payment (01/1995)	15	1	15	0.25	3.75	\$75	\$281
HUD-92403-OHF	Application for Insurance of Advance of Mortgage Proceeds	7	12	84	0.25	21	\$75	\$1,575
HUD-92415-OHF	Request For Permission To Commence Construction Prior To Initial Endorsement For Mortgage Insurance - Hospitals/Section 242	5	1	5	1	5	\$75	\$375
HUD-92422-OHF	Financial And Statistical Data For HUD Reporting	90	6	540	4	2160	\$75	\$162,000
HUD-92434-OHF	Lender's Certificate	15	1	15	8	120	\$100	\$12,000
HUD-92441-OHF	Building Loan Agreement	10	1	10	4	40	\$75	\$3,000
HUD-92442-OHF	Construction Contract	10	1	10	2	20	\$75	\$1,500
HUD-92448-OHF	Contractor's Requisition Project Mortgages	10	1	10	3	30	\$75	\$2,250
HUD-92452A-OHF	Payment Bond	10	1	10	1	10	\$75	\$750
HUD-92452-OHF	Performance Bond	10	1	10	1	10	\$75	\$750
HUD-92455-OHF	Request for Endorsement of Credit Instrument & Certificate of Lender, Borrower & General Contractor	15	1	15	1	15	\$220	\$3,300
HUD-92456-OHF	Escrow Agreement for Incomplete Construction	3	2	6	0.5	3	\$75	\$225
HUD-92464-OHF	Request for Approval of Advance of Escrow Funds - Hospitals/Section 242	5	5	25	2	50	\$75	\$3,750
HUD-92466-OHF	Regulatory Agreement - Borrower	15	1	15	12	180	\$220	\$39,600
HUD-92476-OHF	Escrow Agreement for Deferred Work	2	2	4	0.5	2	\$75	\$150
HUD-92476A-OHF	Escrow Agreement for Limited Rehabilitation	4	2	8	0.5	4	\$75	\$300
HUD-92479-OHF	Off-Site Bond - Dual Oblige	5	2	10	0.5	5	\$220	\$1,100
HUD-9250-OHF	Funds Authorizations	15	1	15	0.5	7.5	\$75	\$563
HUD-92554-OHF	Supplementary Conditions of the Contract for Construction	15	1	15	1	15	\$220	\$3,300
HUD-92576-OHF	Certificate for Need for Health Facility and Assurance of Enforcement of State Standards	12	1	12	0.5	6	\$75	\$450
HUD-93305-OHF	Agreement and Certification	15	1	15	1.5	22.5	\$220	\$4,950
HUD-94000-OHF	Security Instrument/ Mortgage/Deed of Trust	15	1	15	2	30	\$220	\$6,600
HUD-94001-OHF	Healthcare Facility Note	15	1	15	1	15	\$220	\$3,300
HUD-94128-OHF	Environmental Assessment and Compliance Findings	12	1	12	8	96	\$75	\$7,200
		496	68	1,080	122	73,047	\$118	\$5,531,419

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HUD-91070-OHF	Consolidated Certifications Borrower	15	1	15	1	15	\$220	\$3,300
HUD-91071-OHF	Escrow Agreement for Off-site Facilities	3	2	6	0.5	3	\$100	\$300
HUD-91073-OHF	HUD Survey Instructions and Surveyor's Report	15	1	15	1	15	\$75	\$1,125

HUD-91111-OHF	Survey-Instructions-and-Borrower's-Certification	15	1	15	1	15	\$75	\$1,125-
HUD-91725-OHF	Opinion-by-Counsel-to-the-Borrower	15	1	15	2	30	\$220	\$6,600-
HUD-92013-OHF	Application-for-Hospital-Project-Mortgage-Insurance	15	1	15	4664	69960	\$75	\$5,247,000-
HUD-92023-OHF	Request-for-Final-Endorsement-of-Credit-Instrument--Hospitals/Section-242	15	1	15	1.5	22.5	\$100	\$2,250-
HUD-92070-OHF	Lease-Addendum	10	1	10	0.5	5	\$220	\$1,100-
HUD-92080-OHF	Change-of-Mortgage-Record	10	1	10	0.5	5	\$75	\$375-
HUD-92117-OHF	Borrower's-Certification-Full-or-Partial-Completion-of-Project	5	5	25	0.5	12.5	\$75	\$938-
HUD-92205-OHF	Borrower's-Pre-Closing-Certificate-of-Actual-Cost-(Section-242/223f)	5	1	5	3.5	17.5	\$75	\$1,313-
HUD-92223-OHF	Surplus-Cash-Note	5	1	5	0.5	2.5	\$220	\$550-
HUD-92322-OHF	Intercreditor-Agreement	8	1	8	3.5	28	\$100	\$2,800-
HUD-92330A-OHF	Contractor's-Certificate-of-Actual-Cost--Hospitals/Section-242	15	1	15	2	30	\$75	\$2,250-
HUD-92330-OHF	Borrower's-Certificate-of-Actual-Cost--Hospitals/Section-242-	15	1	15	1	15	\$75	\$1,125-
HUD-92403A-OHF	Borrower's-And-Architect's-Certificate-of-Payment-(01/1995)	15	1	15	0.25	3.75	\$75	\$281-
HUD-92403-OHF	Application-for-Insurance-of-Advance-of-Mortgage-Proceeds	7	12	84	0.25	21	\$75	\$1,575-
HUD-92415-OHF	Request-For-Permission-To-Commence-Construction-Prior-To-Initial-Endorsement-For-Mortgage-Insurance--Hospitals/Section-242	5	1	5	1	5	\$75	\$375-
HUD-92422-OHF	Financial-And-Statistical-Data-For-HUD-Reporting	90	6	540	4	2160	\$75	\$162,000-
HUD-92434-OHF	Lender's-Certificate	15	1	15	8	120	\$100	\$12,000-
HUD-92441-OHF	Building-Loan-Agreement	10	1	10	4	40	\$75	\$3,000-
HUD-92442-OHF	Construction-Contract	10	1	10	2	20	\$75	\$1,500-
HUD-92448-OHF	Contractor's-Requisition-Project-Mortgages	10	1	10	3	30	\$75	\$2,250-
HUD-92452A-OHF	Payment-Bond	10	1	10	1	10	\$75	\$750-
HUD-92452-OHF	Performance-Bond	10	1	10	1	10	\$75	\$750-
HUD-92455-OHF	Request-for-Endorsement-of-Credit-Instrument-&Certificate-of-Lender-,Borrower-&General-Contractor	15	1	15	1	15	\$220	\$3,300-
HUD-92456-	Escrow-Agreement	3	2	6	0.5	3	\$75	\$225-

OHF	for Incomplete-Construction							
HUD-92464-OHF	Request for Approval of Advance of Escrow Funds—Hospitals/Section 242	5	5	25	2	50	\$75	\$3,750-
HUD-92466-OHF	Regulatory-Agreement—Borrower-	15	1	15	12	180	\$220	\$39,600-
HUD-92476-OHF	Escrow Agreement for Deferred Work	2	2	4	0.5	2	\$75	\$150-
HUD-92476A-OHF	Escrow Agreement for Limited Rehabilitation	4	2	8	0.5	4	\$75	\$300-
HUD-92479-OHF	Off-Site Bond—Dual Oblige	5	2	10	0.5	5	\$220	\$1,100-
HUD-9250-OHF	Funds Authorizations	15	1	15	0.5	7.5	\$75	\$563-
HUD-92554-OHF	Supplementary Conditions of the Contract for Construction	15	1	15	1	15	\$220	\$3,300-
HUD-92576-OHF	Certificate for Need for Health Facility and Assurance of Enforcement of State Standards	12	1	12	0.5	6	\$75	\$450-
HUD-93305-OHF	Agreement and Certification	15	1	15	1.5	22.5	\$220	\$4,950-
HUD-94000-OHF	Security Instrument/Mortgage/Deed of Trust	15	1	15	2	30	\$220	\$6,600-
HUD-94001-OHF	Healthcare Facility Note	15	1	15	1	15	\$220	\$3,300-
HUD-94128-OHF	Environmental Assessment and Compliance Findings	12	1	12	8	96	\$75	\$7,200-
-	-	506	68	1,080	122	73,047	\$118	\$5,531,419-

Estimates were based off an assumed total annual response for 15 Section 242 loans (including 241 supplemental loans, 223(a)(7) refinancing loans, and 223(f) refinancing or acquisition loans). The Average Hourly Cost per Response is an estimate generated from third party respondents. Provided estimates average approximately \$75 or \$100 per hour for non-legal forms and approximately \$220 per hour for legal forms. Estimates were included for industry standard business practices for lender servicing activities involving ongoing and periodic permanent loan servicing, event driven risk management, and notifications to HUD. These standard business practice burden hours were calculated but not counted towards the overall annual burden of this document collection.

13. **Cost to Respondents** - There are no additional costs associated with this collection of information.

14. **Cost to the Federal Government** – If the average burden hours for Federal government review of the forms included is estimated to be 10 hours, and the hourly cost is based on a GS-13, Step 3 Federal salary base pay (\$46 per hour), and the estimate average number of submitted documents per year is 1,080 documents, then the average annualized burden and cost to the Federal Government is approximately \$496,800.

15. This is a revision of a currently approved collection. The currently approved PRA package was based on an assumed annual volume of 15 Section 242 applications. It shows 73,047 burden hours for an annual cost of \$5,531,419. Recently, OHF and the Office of General Counsel conducted a comprehensive review of the paperwork burden associated with the Section 242 hospital mortgage insurance program. As a result of that review, there were substantial changes to the documents included in this package and the number of respondents, frequency of response, burden hours per

response, and hourly cost per response for many data collection items affecting various aspects of the program. Several documents previously included in 2502-0602 were determined unnecessary for inclusion or streamlined into consolidated versions. HUD believes that the changes lead to a much more realistic estimate of burden hours and a significantly improved collection of documents to be used by the public.

16. Several of these documents are new to HUD, in order to better capture the needs related to Section 242 hospital applications.
17. The results of this collection will not be published.
18. The OMB expiration dates will be displayed on the appropriate forms.
19. There are no exceptions to the Certification Statement identified in item 19 of the OMB 83-I.

B. Collection of Information Employing Statistical Methods.

This collection of information does not employ statistical methods.