

## Supporting Statement for Paperwork Reduction Act Submissions

### Request for Prepayment of Section 202 or 202/8 Project

OMB Control Number: 2502-0554

FORM: HUD-9808

#### A. Justification

1. The collection of this information is necessary to review prepayment requests for Section 202 and 202/8 direct loans. The legal authority for collecting this information is provided under Section 811 of the American Homeownership and Economic Opportunity (AHEO) Act of 2000, as amended, the Section 202 Supportive Housing for the Elderly Act of 2010 (Public Law 111-372), and by 24 CFR 891.530. 24 CFR 891.530, Prepayment Privileges, states that the prepayment (whether in whole or in part) or the assignment or transfer of physical and financial assets of any Section 202 project is prohibited, unless the Secretary gives prior written approval. The section also states that the Secretary may not grant approval unless HUD has determined that the prepayment and/or refinancing of the loan is part of a transaction that will ensure the continued operation of the project, until the original maturity date of the loan, in a manner that will provide rental housing for the elderly and individuals with disabilities on terms at least as advantageous to existing and future tenants as the terms required by the original Section 202 loan agreement and any other loan agreements entered into under other provisions of law (Public Law 111-372 requires extension of the continued operation of the project for 20 years beyond the original maturity date of the loan). This requires the project owner to execute and record a Section 202 Use Agreement, which is also included in this collection. The Use Agreement provides the extended affordability of the project for 20 years beyond the direct loan's original maturity date after the prepayment occurs. In addition, the statute provides that any prepayment that involves a refinance of the project, the owner may use loan proceeds to assist other HUD-assisted senior housing, or for the construction of an addition or other facility for the elderly that is in or adjacent to the project which is the subject of prepayment, and that also includes assisted living facilities. If the project owner chooses to use funds for either of these purposes, the owner must execute the appropriate Use Agreement for a term of 10 years beyond the date of the closing of the refinance, or the date of the termination of the existing regulatory agreement, whichever is later. These two Use Agreements are also included in this collection.
2. The information will be gathered and submitted by the owner in support of the prepayment request. The information consists of a written request for the prepayment using the form HUD-9808; submission of a copy of the Mortgage, Mortgage Note, Housing Assistance Payments Contract, Regulatory Agreement, Subordinate Mortgage/Loans that may be in place; list of the number of occupied units in Section 8 or Rent Supplement assisted units; list of any commercial renters/leases; vendors that may be in place; detailed narrative justifying the future use of the full rental assistance currently being provided to the project; detailed narrative of how new loan proceeds from a refinance will be used at the project; copy of notice to tenants of the prepayment; if the prepayment involves a refinance, evidence that the interest rate will be lower and the debt service payment will be lower after the refinance, and a draft copy of the applicable Use Agreement required for the prepayment. HUD field staff receive the owner's application and supporting documents via email, review this information to determine if approval of the prepayment request can be granted, and make a recommendation for final approval to Headquarters Office of Asset Management and Portfolio Oversight via email. Copies of the documents are stored in office files for a three-year period.
3. After a thorough review, there are no plans to automate this collection of information. Information collected consists of significant prior documentation. Owners submit documents to the local HUD office who in turn forward the prepayment request with their recommendation to HUD Headquarters' Office of Asset Management and Portfolio Oversight for review and processing. However, in an effort to automate where possible the form used for this program is pdf fillable and available electronically on HUDclips.

4. There is no duplication of similar information currently collected.
5. The collection of this information does not impact small businesses.
6. It would be impossible to review, process, and approve prepayment requests without a written request to determine the owner's proposal for the long-term affordability of the project after mortgage prepayment. Without the information, HUD would be unable to determine whether the prepayment and/or refinancing of the loan is part of a transaction that will ensure the continued operation of the project, for 20 years beyond the original maturity date of the loan, in a manner that will provide rental housing for the elderly and individuals with disabilities, on terms at least as advantageous to existing and future tenants as the terms required by the original Section 202 loan agreement and any other loan agreements entered into under other provisions of law.
7. Explain any special circumstances requiring:
  - response more than quarterly – there are no special timeframes for an owner to submit an application to prepay a Section 202 or 202/8 direct loan.
  - response in fewer than 30 days – same as above
  - more than an original and two copies of any document – it is not required that the owner submit more than an original copy of any document
  - retain records for more than three years (other than health, medical, government contract, grant-in-aid, or tax records) - There are no special circumstances associated with this information collection.
  - statistical surveys not designed to produce results that can be generalized to the universe of study – there are no special circumstances associated with this information collection
  - statistical data classification not been approved by OMB – there are no special circumstances associated with this information collection
  - a pledge of confidentiality that is not supported by statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use – there are no special circumstances associated with this information collection.
  - respondents to submit proprietary trade secret, or other confidential information – there are no special circumstances associated with this information collection
8. This office consulted with staff from three of HUD's Multifamily regional centers/satellite offices concerning the information collection. All advised that the criteria are sufficient, and the document is user-friendly and provides HUD staff with the information need to review and recommend approval for a prepayment. In accordance with 5CFR 1320.8(d), this information collection soliciting public comments was announced in the Federal Register on **July 14, 2017, Volume 82, No. 134, Pages 32569. No Comments received.**
9. There will be no gifts or payments provided to respondents.

10. 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 seq., and regulations promulgated thereunder at Title 12 Code of Federal Regulation. 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. Respondents are not required to provide information of a sensitive nature.
12. Estimated Burden (includes both prepayments requiring HUD approval and those not requiring HUD approval.). HUD has received approximately 153 requests per year from owners of Section 202 and 202/8 direct loan projects to prepay and/or prepay/refinance their direct loans over the past 3 years. There are approximately 1,566 active Section 202 direct loans that are under their original financing that may submit an application to prepay.

	<b>Number of Respondents</b>	<b>Annual Frequency</b>	<b>Total Responses</b>	<b>Hours per Response</b>	<b>Total Burden Hours</b>	<b>Cost per Hour</b>	<b>Total Cost</b>
HUD-9808	1,566.00	1.00	1,566.00	1.75	2,740.50	\$20.57	\$56,372.08
Section 202 Use Agreement	1,566.00	1.00	1,566.00	0.25	391.50	\$20.57	\$8,053.15
	<b>1,566.00</b>		<b>1,566.00</b>		<b>3,132.00</b>		<b>\$64,425.23</b>
Other Use Agreement	Less than 10						
Other Use Agreement	Less than 10						

The cost per hour is based on a salary for a housing manager, 5 years experience.

13. There are no additional costs to the respondents.
14. Estimates of annualized costs to the Federal government:

Number of Responses	Annual Frequency	Total Responses	Hour per Response	Total Burden Hours	Cost per Hour	Total Cost
153.00	1.00	153.00	30.00	4,590.00	\$38.32	\$175,888.80

The cost per hour is based on the salary for a GS-12, step 1, and includes execution of the Use Agreement.

15. This is a revision of a currently approved collection. This collection now appropriately calculates the number of respondents that potentially can submit the HUD Form 9808, and includes the required Use Agreements as part of this collection, which were not included in previous approvals. By including the potential number of loans that could prepay, and adding the collection of the Use Agreement, the total burden hours and cost is increased.
16. The results of this information collection will not be published.
17. HUD is not seeking approval to avoid displaying the expiration date for this information collection.
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 statistical methods used in this collection.