

# 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 (eligibility requirements) set forth in 24 CFR part 200, subpart A, apply to multifamily project mortgages insured under section of the National Housing Act (12 U.S.C. 1713), as amended. The Department 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 decide 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 to replace the Development Application Processing (DAP) system with a modernized and simplified solution to improve the application review process are underway. The initial prototype for handling the tracking pipeline data and reporting for Multifamily (MFH) and Healthcare (OHP) needs to be developed using the most feasible, flexible, and scalable technologies to build an interactive and intuitive online solution. The new system, to be called Application Underwriting Support System (AUSS) will generate staff-generated review documents, pre-populated standardized documents and offers communication capability between HUD staff reviews and Lender coordination. It will also interface with the integrated Real Estate Management System (iREMS), a lender portal, and document management system for an enterprise solution that will streamline FHA's business processes. Strategic planning, technologies evaluation, risk assessment, and security consideration are agilely reviewed at each life cycle stage to ensure realignment opportunities captured and implemented in timely manner.
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. **Explain any special circumstances that would cause an information collection to be collected in a manner:**
  - requiring respondents to report information to the agency more than quarterly;  
**Not Applicable**
  - requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;  
**Not Applicable**
  - requiring respondents to submit more than an original and two copies of any document;  
**Not Applicable**
  - requiring respondents to retain records other than health, medical, government contract, grant-in-aid, or tax records for more than three years;  
**Not Applicable**
  - in connection with a statistical survey, that is not designed to produce valid and reliable results than can be generalized to the universe of study;  
**Not Applicable**
  - requiring the use of a statistical data classification that has not been reviewed and approved by OMB;  
**Not Applicable**
  - that includes a pledge of confidentiality that is not supported by authority established in 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; or  
**Not Applicable**

- requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

The form HUD-2530 is a separate loan application exhibit that is reviewed by Asset Management to verify the list of projects a Principal may have. It is an exhibit that accompanies each MF loan application. It determines if standards are established to ensure that all controlling participants in HUD projects will honor their will honor their legal, financial and contractual obligations and are acceptable risks from the underwriting standpoint of an insurer, lender or governmental agency.

8. In accordance with 5CFR 1320.8(d), this information collection soliciting public comments was announced in the Federal Register on **September 27, 2018**, Volume **83**, No. **188**, Pages **48861**. (0) Comment 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:

Elaine Chavez, Senior Underwriter Team, Multifamily Production  
 U.S. Department of Housing and Urban Development  
 Denver, Colorado  
 303-672-5427  
 West

Cheryl Teague, Underwriter Team, Multifamily Production  
 U.S. Department of Housing and Urban Development  
 New York, New York  
 303-861-3809  
 North East

Lantrina Stewart, Underwriter Team, Multifamily Production  
 U.S. Department of Housing and Urban Development  
 Kansas City, Kansas  
 913-551-5520

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	1,230	1	1,230	8	9,840	\$29.34	\$288,705.60

The estimated median hourly rate for financial analyst annual salary of \$61,027.20. (Source: Bureau of Labor Statistics)

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	1,230	1	1,230	.5	615	\$39.85	\$24,507.75

The hourly rate is based on the average Federal salary of annual salary of \$83,159 (GS level 12, step 5).

15. This is a revision 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). The form HUD-2530 is a separate loan application exhibit accompanies multifamily loan applications. It is reviewed by Asset Management to verify the list of projects a principal may have. The Previous Participation Certification is the document, which contains eight statements that catches all changes that may have occurred with the Borrower(s). This certification is signed by the borrower with all the legal authority.

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.