

# Supporting Statement for Paperwork Reduction Act Submissions

## Multifamily Accelerated Processing (MAP) Guide, 4430.G

OMB Control No.: 2502-0541

### A. Justification

#### 1. Circumstances that make the collection of information necessary.

Multifamily Accelerated Processing (MAP) Guide is designed to establish uniform national standards for Federal Housing Administration (FHA) approved lenders to prepare, process and submit loan applications for FHA multifamily mortgage insurance. The MAP Guide provides - in one volume with appendices - guidance for HUD staff, lenders, third party consultants, borrowers, and other industry participants. Topics include mortgage insurance program descriptions, borrower and lender eligibility requirements, application requirements, underwriting standards for all technical disciplines and construction loan administration requirements. The MAP Guide applies only to FHA multifamily mortgage insurance programs. Except to the extent lender monitoring or enforcement activities overlap, Section 232 and other programs administered by the Office of Healthcare Programs are not addressed by the MAP Guide.

HUD prepared this Supporting Statement because HUD is amending certain portions of the MAP Guide consistent with and as described in a Mortgagee Letter 2022-## (yet to be numbered). The Mortgagee Letter deletes the existing Appendices A.5.10 and A.5.11 and substitutes a new Appendix identified as A.5.10 together with various changes in other portions of the MAP Guide needed to conform the document to the new Appendix A.5.10. The subject of the Mortgagee Letter and the consequent changes to the MAP Guide is a “Revised Method for Calculation of Cost Not Attributable to Dwelling Units.” Apart from the changes specifically enumerated in the Mortgagee Letter, there are no other changes to the MAP Guide covered by this Supporting Statement. (See proposed Mortgagee Letter, attached).

The result of the change is a minor overall reduction in burden hours for lenders, lender third parties and HUD staff, by comparison with the 2020 MAP Guide. However, these minor overall changes are concentrated in a small number of loan applications and the lenders and staff who work on these applications, and thus for those cases, provides significant efficiencies, time savings, greater certainty and predictability of statutory limited mortgage amounts and eliminates disputes about which spaces are or are not attributable to dwelling units. (See the executive summary memo to the FHA Commissioner, attached for more detailed description of business purposes and efficiencies of the proposed change.)

HUD also points out that this Supporting Statement initiates a change in how HUD manages amendments to the MAP Guide. Previously, HUD sought to implement a general revision of the entire MAP Guide on a triennial calendar consistent with the duration of the OMB Control Number. However, when last approved HUD and OMB concluded that this approach was cumbersome, exhausting and too large an undertaking as a singular review. (See “Notice of Office of Management and Budget Action” dated 12/15/2020, attached.) This renewal request initiates a new method of continuous, or periodic renewal of the OMB Control Number as and when amendments are proposed wherein the proposed Mortgagee Letter details the first such amendment. An intended consequence is that with each amendment, the expiration of the OMB Control Number will be extended to a new three-year period, thus eliminating the triennial need for a comprehensive MAP Guide revision incorporating all changes made by various intervening Mortgagee Letters or Housing Notices as well as other changes HUD deems warranted by intervening business experience or changes in multifamily business practice. Over time, HUD intends to consolidate the MAP Guide OMB Control Number (2502-0541) with other control numbers for the multiple HUD forms used for lenders’ multifamily insured mortgage applications such that amendments

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to the MAP Guide and to any of the forms required by the MAP Guide are considered together, as and when amendments are proposed.

The 2020 MAP Guide was updated to reflect various organizational, policy and processing changes implemented since the prior edition was published in 2016. Examples included electronic submission of data in a standardized format, the consolidation of HUD Field Offices to Regional Centers and Satellite Offices, workload sharing, and a “risk-based” underwriting approach. The goal of MAP is to provide a consistent, expedited mortgage insurance application process at each HUD Multifamily Regional Center or Satellite Office. All MAP eligible projects must be submitted using MAP processing unless a waiver is granted to process under Traditional Application Processing (TAP). Such waiver approval authority is retained by HUD Headquarters’ Director of Multifamily Production. Additionally, two new chapters were added to the 2020 edition of the Guide: The Water and Energy Conservation chapter and the Closing Guide chapter. The amendments now proposed concern only a revised method for calculating “costs not attributable to dwelling units” as fully detailed in the Mortgagee Letter, attached.

Statutory authority for the implementation of MAP is contained in the basic insuring authority for each of the programs covered in the MAP Guide, e.g., National Housing Act, 12 U.S.C. §§ 220, 221(d)(4), 231, 241(a), 223(a)(7), and 223(f). Additionally, Section 211 of the National Housing Act and Section 7(d) of the Department of HUD Act authorize the Secretary to make such rules and regulations as may be necessary to carry out the provisions of the National Housing Act. The FHA requirements listed in HUD regulations covering each MAP eligible program are included and more fully explained in this MAP Guide.

The MAP program requires that lenders and underwriters be skilled in underwriting multifamily housing loans and in preparing applications for FHA multifamily mortgage insurance. To ensure that goal is met, MAP Lenders and MAP Underwriters must be approved by HUD’s Multifamily Asset and Counterparty Oversight Division (“MACOD”). Approval of a MAP Lender or Underwriter by MACOD is on a nationwide basis and the MAP Lender and its approved Underwriter may originate and underwrite MAP loans regardless of which HUD area office will review the MAP application. MAP approval does not expire, but by accepting the opportunity to participate in the MAP program, the MAP Lender and Underwriter agree that their MAP loans will be subject to post-endorsement review by MACOD and that, if they fail to meet HUD standards for underwriting loans, their MAP designation may be terminated in accordance with the Quality Assurance and Enforcement Actions Chapter.

Approval by MACOD as a MAP Lender is a prerequisite to participation in the MAP program, but MAP approval does not obviate the need to have an experienced team process each application. The MAP Lender is responsible for ensuring that all third-party contractors meet the requirements outlined in the MAP Guide, including the USPAP appraiser competency provision and jurisdictional certification requirements, and that third party contractors do not have any identity of interest with the Borrower/sponsor or any affiliated entity. If the HUD office has concerns regarding the MAP Lender’s, its Underwriter’s or its third-party contractor’s past performance or capabilities, the office consults with MACOD for additional monitoring or for a potential enforcement action.

Multiple HUD Forms are referenced throughout the MAP Guide. This collection uses the following Forms that are covered under other information collections listed below for the FHA multifamily mortgage insurance application process. These Forms used in the application process include gathering, retention, recordkeeping, and reporting. The Department continues to work on instruments for the MAP Guide under other collections. Listed below are the Forms and their OMB Approval numbers:

**OMB Approval No. 2502-0005 - HUD 92201-A**  
**OMB Approval No. 2501-0009 - HUD 11**  
**OMB Approval No. 2529-0013 - HUD 935.2A**

**OMB Approval No. 2502-0029 - Multifamily Project Application (MAP) and Construction Prior to Initial Endorsement**

**OMB Approval No. 2502-0112 - HUD 92330**

**OMB Approval No. 2502-0305 - HUD 9832; HUD 9839B; HUD 9839C**

**OMB Approval No. 2502-0505 - Capital Needs Assessment CNA e-Tool**

**OMB Approval No. 2502-0598 - Multifamily Closing Document PRA collection**

**OMB Approval No. 2506-0202 - HUD Environmental Review Online System (HEROS)**

**OMB Approval No. 2060-0347 - Portfolio Manager (EPA) Related to energy usage and consumption characteristics**

**OMB Approval No. 2502-0620 - Catalyst Multifamily Application Portal**

As noted, HUD intends over time and where possible to consolidate the MAP Guide with the forms the Guide requires so as to facilitate more coordinated review and periodic amendments.

2. By whom, and for what purpose is the information to be used?

This MAP Guide outlines the basic instructions, requirements, and processing procedures for a multifamily rental project loan application from the pre-application phase of processing through firm commitment issuance, and endorsement (aka, “closing”) of the loan for FHA insurance. For refinance or acquisition (purchase) loans for existing projects a single endorsement follows a Firm Commitment with a repair escrow funded to pay for any pending repairs or alterations deemed necessary as a condition HUD’s Firm Commitment. For construction loans, the Firm Commitment is followed by an initial endorsement, followed by the execution of the proposed construction and/or substantial rehabilitation during a prescribed construction period administered by the lender and HUD. Most commonly, funds are disbursed as insured advances of the loan on a monthly basis consistent with construction progress. But there is a rarely used option for “insurance upon completion” wherein the borrower funds all construction until the insured loan is fully funded upon completion. All costs must be certified, and borrower’s program obligations met as a condition precedent to final endorsement. The Department places confidence in the lender’s integrity and competence to prepare much of the documentation for a loan submission for mortgage insurance. The MAP Lender assumes the responsibility for underwriting the loan to include the preparation of narrative reports, gathering of data, collection of information, the review of reports and data prepared by licensed or otherwise qualified professionals (Appraisers, Architects, Cost Analysts, Underwriters, etc.), and the completion of applicable HUD Forms. The completed package is then submitted to the local HUD Multifamily Housing office for review by the Department for the possible issuance of a Firm Commitment. Lenders are responsible for administering construction with periodic inspections, reports and HUD approvals of insured advances consistent with the MAP Guide

**Streamline Procedures**

While reforming only a specific procedure for calculation of the statutory limited mortgage amount, the proposed amendment is a continuation of HUD’s effort to streamline its business practices and

procedures. Consistent with the 2020 MAP Guide, approved MAP Lenders also can be approved to underwrite and submit mortgage insurance applications under streamline procedures. The *Housing and Economic Recovery Act of 2008(HERA)* required FHA to streamline mortgage insurance applications for projects with equity from the **Low-Income Housing Tax Credit (LIHTC) program**. HUD launched an accelerated approval process under the Section 221(d)(4) LIHTC Pilot program for new construction and substantial rehabilitation multi-family rental properties assisted with LIHTC. The Section 221(d)(4) LIHTC Pilot program provides permanent financing on transactions that are low risk, to allow FHA to significantly streamline the review process and create efficiencies without increasing risk. The streamlining procedures will permit low risk new construction and substantial rehabilitation applications (including preservation of federally assisted/Section 8, new LIHTC and re-syndications) to be reviewed within 30-60 days and closed within 90-120 days.

Reducing the time required to review and approve applications helps align FHA-insured financing with the LIHTC Program standards including the need to meet strict time deadlines. HUD can assist MAP Lenders to meet bond closing or other LIHTC performance deadlines that may result in forfeit of the credit allocation or bond reservation and may impair the borrower’s ability to secure tax credits for future transactions. The Department has the potential to successfully cut the time it takes to approve these lower risk LIHTC projects and to dramatically increase the production of affordable rental projects nationwide.

### Volume of Firm Commitments and Extensions, Amendments Issued-Calendar Years 2019-2021

HUD’s multifamily insurance programs cover a wide range of eligible acquisition, new construction, substantial rehabilitation, refinance, repair and alteration and similar project related financing activities. The mix of these activities in any given year is a function of many market factors influencing borrowers’ choice of activities and financing solutions. In addition, the creditworthiness of borrowers and the complexity of individual transactions vary widely. Accordingly, the burden of an “average” or “typical” insured mortgage transaction is a moving target derived from estimates and extrapolations based in part on the actual results of the past three calendar years. Here are those results<sup>1</sup>:

HUD-FHA Insured Mortgage Firm Commitments - Calendar Years 2019 to March 31, 2022													
	2019		2020		2021		2022 Q1		2019-21 3 YR Total		2019-21 Annual Avg		
Refinance	404	62%	1080	81%	1086	80%	192	81%	2570	77%	857	77%	
Purchase	22	3%	34	3%	44	3%	3	1%	100	3%	33	3%	
New Construction	163	25%	146	11%	144	11%	27	11%	453	14%	151	14%	
Sub Rehab	57	9%	73	5%	74	5%	13	6%	204	6%	68	6%	
Section 241a	5	1%	3	0%	6	0%	1	0%	14	0%	5	0%	
<b>Total Firms</b>	<b>651</b>		<b>1336</b>		<b>1354</b>		<b>236</b>		<b>3341</b>		<b>1114</b>		
<b>Extensions, Amendments</b>	<b>509</b>		<b>954</b>		<b>1097</b>		<b>27</b>		<b>2560</b>		<b>853</b>		
<b>% Extended, Amended</b>	<b>78.19%</b>		<b>71.41%</b>		<b>81.02%</b>		<b>11.44%</b>		<b>76.62%</b>		<b>76.57%</b>		

Firm Commitments are issued for a term of 60 calendar days by the HUD Field staff. The MAP Lender, on behalf of the borrower, may request an extension of the term of the Firm or for an Amendment of the Firm Commitment as may be required to accommodate changed circumstances or unexpected delays. The Regional Center Director (or their designee in accordance with delegated authority) will act on these requests which require a written submission by the lender detailing the explanation for delay or the rationale for an amendment.

<sup>1</sup> Based on data posted to [https://www.hud.gov/program\\_offices/housing/mfh/mfdata/mfproduction](https://www.hud.gov/program_offices/housing/mfh/mfdata/mfproduction) an excel workbook titled Firm Commitments and Endorsements Database, a download from the Development Application Processing System.

## **Lender's Underwriter Narrative Report**

The MAP program delegates due diligence and underwriting responsibility to MAP approved Underwriters employed by approved multifamily lenders. The MAP approved Underwriter is expected to be completely familiar with the contents of the MAP Guide, have demonstrated experience and mastery of commercial lending practices and real estate finance, and have a working knowledge of HUD regulatory and statutory authority. In addition, the Underwriter is expected to visit and inspect the proposed site and/or the existing property and its surroundings so as to be familiar with the property and its surrounding influences and neighborhood features and capable of assessing the validity and accuracy of the due diligence reports prepared by the lender's third-party consultants. HUD retains commitment authority and responsibility for final determination of acceptable risk to the insurance fund, as well as certain technical and compliance responsibilities. This in no way relieves the MAP Lender from the responsibility of underwriting and programmatic compliance.

The basic function of a MAP approved Underwriter is to objectively evaluate factors in making a credit approval recommendation, for example: character, creditworthiness, competence, and capacity of the borrower and development team members; cash flow sufficient to service the proposed loan; collateral quality, including valuation, physical condition, environmental factors and location; compliance with HUD program and processing requirements. The Underwriter must identify all material risks and weaknesses, with appropriate mitigating factors including quantitative analysis and stress testing to identify the impact of "worst case" scenarios. If a transaction recommended by a lender is properly underwritten and processed, and is complete and technically compliant, HUD's role is to review the application and the lender can assume a timely determination.

If the application fails to identify material underwriting risks and mitigating factors, or has material processing or compliance deficiencies, HUD has the option to reject the application, re-underwrite it and approve with conditions, or return the application to the lender for modifications to address deficiencies.

## **Detailed Scope of Work Write-up**

Existing properties undergoing substantial rehabilitation require a written due diligence summary description of the project prepared by MAP Lender's project architect and/or construction analyst. The Work Write-up outlines all the proposed construction work at the property and should address the findings from onsite inspections and other due diligence required to properly evaluate areas of deficiency and other necessary improvements. A preliminary draft of a Write-up is used to develop the detailed plans and specifications (construction documents) by the architect. The final Scope of Work Write-up should accurately outline all the construction activities illustrated in the architect's final set of construction documents ensuring that the property's identified rehabilitation needs are fully addressed.

## **Market Studies**

All proposed construction loans require a market study. The purpose of the market study is to assure that there is enough sustainable demand for additional units without adversely impacting the existing supply, to maintain a balanced overall market. The focus of the market study is on the overall demand within a defined market area, and of the proposed project's ability to capture and sustain a share of the total or incremental demand. For existing projects proposed for refinance or purchase, Lenders and HUD rely on the property's rental history and the appraisal to determine relevant market conditions but reserve the right to require a market study if the property is located in a weak or unstable rental market.

## **Standard Practice Forms**

Because HUD's multifamily mortgage insurance business is a subset of the commercial real estate finance industry, many industry-standard due diligence practices, procedures and standards are used by Lenders and HUD to evaluate

multifamily properties proposed for mortgage insurance. The primary examples of these are the following:

### **Drawings & Specifications**

The MAP Lender will provide drawings and specifications (construction documents) completed by the project architect for each new construction or substantial rehabilitation eligible under the Section of the Act. The lender must hire a qualified construction analyst(s) with experience in multifamily construction to review the drawings and specifications prepared by the project architect and any related agreements for design and/or construction services for compliance with the MAP Guide requirements. The construction documents must conform with local building standards and construction methods, relevant national or international building codes and standards for each design category such as Architectural, Civil, Structural, Mechanical, Electrical, Plumbing etc. The site survey drawings must be completed by a qualified surveyor and conform to the ALTA/ACSM Land Title Survey ALTA/NSPS Minimum Standard Detail Requirements. A completed form HUD-91073M Surveyor's Report must be attached. A complete set of drawings and specifications are submitted with each application for Firm Commitment. HUD describes requirements for drawings and specifications for its various programs in Chapter 5 of the MAP Guide and in its Appendices A.5.4 and A.5.5.

### **The American Institute of Architects (AIA) Standard Forms of Agreements and HUD Amendments**

The form of contract required between the owner, project architect, and general contractor when employed for the MAP Guide transactions must be the AIA Standard Forms of Agreements. These forms are widely used by the industry for construction projects. For new construction and substantial rehabilitation projects, the required AIA forms are B108 (between the architect and the owner) and A201 (general conditions). The form HUD-92408-M (current collection 2502-0589) specifies further HUD requirements and must be attached to B108. When refinance or purchase loans involve repairs exceeding \$15,000 per unit HUD requires a graduated scale of documentation consistent with the increasing scale of repairs and alterations. Required forms of Owner/Architect Agreements and Owner/General Contractor agreements are described in MAP Guide Chapter 5.

### **Appraisers & Market Analyst**

MAP Lenders are responsible for the selection and approval of appraisers and market analysts who are familiar with MAP guidelines. A lender will locate a Certified General Appraiser from the Appraisal Subcommittee of the Federal Financial Institutions Examination Council (FFIEC). The FFIEC maintains a national registry of Certified General Appraisers who are authorized, under Federal law, to perform appraisals in connection with federally related transactions. The appraiser or the market analyst must be independent of and may not be affiliated with the loan originator, broker, developer, borrower, MAP Lender or any individual or institution involved in any other financial role in the application. Lenders must ensure that each appraiser and market analyst selected are qualified to appraise or perform market analyses, respectively, for multifamily properties. The lenders will perform their due diligence by reviewing their education, quality, and frequency of multifamily appraisal experience, sample appraisals and market studies, professional affiliations, and state licenses or certifications. The appraiser is required to complete and sign various HUD forms related to the appraisal, i.e., Forms HUD-92264, -92273, -92274 (current collection 2502-0029) etc. Qualifications and experience of appraisers and market analysts Lenders may retain as consultants are described in MAP Guide Chapter 7.

### **Appraisals**

Appraisals that HUD receives from MAP Lenders must be maintained according to the Department's record keeping rules. These rules do not mandate that a HUD staff review appraiser have possession of assignment work-files. The Department does not permit permanent personal possession of records relating to a review appraiser's work. The Department retains these records for far more than the time required under USPAP and will, with due process of law, cooperate with appraiser regulatory agencies, professional peer review committees, and assisting individuals in obtaining a professional designation.

Appraiser work-files will be maintained in the local HUD office and records should be stored on the local or regional network drive. Paper records should be scanned as needed.

By statute, appraisals submitted in support of an application for HUD mortgage insurance must comply with the Uniform Standards of Professional Appraisal Practice (USPAP). Detailed instructions by program for appraisal work are described in MAP Guide Chapter 7.

### **Capital Needs Assessment (CNA)**

Applications for projects to be insured under MAP loan programs require a Capital Needs Assessment (CNA). A CNA is a due diligence report describing the physical inventory of a multifamily property and characterizing the condition and expected durability of that inventory for budgeting for identified repairs and future capital replacements. A CNA includes a financial plan or annual schedule of anticipated capital costs and corresponding funding needed to meet expected costs.

When prepared for an existing property a CNA requires an on-site physical inspection. It is the primary means of identifying immediate physical needs or deficiencies and specifying the work, location and expected cost of the repairs, replacements and/or alterations required to address immediate needs of the property. CNAs of existing buildings must at a minimum meet the requirements of the industry standard ASTM E 2112-08 for the preparation of needs assessments. When prepared for a property to-be-built as new construction or undergoing substantial rehabilitation, a CNA is only an inventory of the proposed physical composition of the property (e.g., buildings, units, components, quantities) and an estimate of the expected durability of the various components with a corresponding plan to finance future capital needs as they are expected to occur.

These CNAs may be prepared by, or under the supervision of, the borrower's project architect or the lender's needs assessor or construction analyst. The MAP Lender will submit the CNA in the loan application for FHA-insured mortgage to the local HUD Offices, and the HUD Branch Chief, Underwriter and Construction Analyst, will review the CNA. All CNAs must be submitted to HUD using HUD's automated online application called CNA e-Tool. CNAs and the CNA e-Tool are covered by a separate PRA submission with OMB Approval Number 2502-0505. This separate treatment is because CNAs are used for other multifamily purposes apart from insured mortgage applications pursuant to the MAP Guide.

Detailed instructions for use of CNAs and the CNA e-Tool in HUD multifamily mortgage insurance programs are found in MAP Guide Chapter 5 and its Appendix A.5.7.

### **Green Building Certifications**

Certifications may be obtained by borrowers and provided to HUD through lenders in order to qualify an insured mortgage for a Green MIP Rate consistent with Federal Register, 81 FR, page 18473 ("MIP Notice"), Section D as detailed Chapter 6 of the MAP Guide. HUD's MIP Notice recognized multiple national standards applicable to varying circumstances (i.e., new construction, rehabilitation, remodeling, etc.) While varying in detail, each recognized certification program establishes a standard practice for evaluating building energy performance and calibrating a level of superior performance that merits the certification and thus the Green MIP rate. Borrowers may choose to qualify for the Green MIP rate by selecting and obtaining one of the recognized certifications. For new construction and most substantial rehabilitation proposals, the proposed design must achieve an estimated building performance that is superior to existing base building codes, typically by 15%. For existing buildings, borrowers must propose repairs and alterations that will improve benchmarked existing building performance, also typically by 15%. Recognized certifications obtained prior to but within 15 years of application for a Green MIP loan are accepted. Owners of existing properties seeking a certification as an element of their loan application must use an industry standard procedure for benchmarking which is a software application known as Portfolio Manager, a free service provided by the U.S. Environmental Protection

Agency. In addition, they must inform the design of repairs and alterations by conducting an energy audit consistent with the national standard practice for such audits published by the American Society of Heating, Refrigeration and Air Conditioning Engineers (ASHRAE). It is the borrower's choice to apply for a Green MIP rate and if the borrower exercises this option, the certifications and qualifying measures are standard practices HUD has identified as best suited to provide this Green MIP option for multifamily insured mortgage programs.

The borrower's intent to seek a Green MIP rate and its selection of a Green Building Certification are memorialized on the form HUD-91070M, the borrower's Consolidated Certifications, (OMB 2502-0598) and the borrower's ongoing building performance commitments are described in the Regulatory Agreement Rider 5 which is form HUD-92466 R-5, OMB 2502-0029.

### **Third Party Professionals**

MAP Lenders are expected and authorized to hire third party contractors for appraisal, architecture and cost, market analysis, environmental reports and environmental site assessments, and specialized reports related to any of these technical disciplines. The duties and responsibilities of the MAP Underwriter, associated with MAP application underwriting, are to engage all third-party consultants and analysts, provide oversight and effective supervision of work performed under their contracts to ensure their deliverables meet MAP Guide requirements. The underwriter must consider and reconcile all due diligence reports in their underwriting recommendation.

Construction Analysts should be either a licensed or registered architect or physical engineer and must, at a minimum, have a degree (BS or BA) in architecture, civil or structural engineering or construction with five years of experience in design, construction, or development of multifamily buildings. A qualified construction analyst needs to review the drawings and specifications prepared by the project architect and any related agreements for design and/or construction services. The analyst must be knowledgeable and experienced with local building standards and construction methods, relevant national or international building codes and standards (e.g., International Existing Building Code, International Energy Conservation Code) and specific statutory or regulatory requirements for multifamily housing (e.g., Federal Fair Housing Accessibility Guidelines and the Uniform Federal Accessibility Standards). In all cases the lender must ensure that the work experience of the construction analyst is consistent with the scale, scope, materials, methods, and technologies proposed for or existing at the property.

The Construction Analysts must evaluate: site, conditions based on inspection; the design of proposed and/or existing buildings; construction materials, methods and technologies ; the development team's experience and capacity; agreements and contracts between the owner and the development team; construction documents (i.e., drawings and specifications), cost and schedule for accuracy, feasibility and conformance with HUD's design and energy efficiency requirements; and, other relevant MAP Guide requirements.

The Needs Assessor selected by the MAP Lender must have education, professional credentials, and field experience appropriate to the assignment considering the age, size, type of building systems, construction methods, and location of the property. The needs assessor and any related consultants employed to prepare the capital needs assessment (CNA) must meet the qualifications described in ASTM E 2018-08 Appendix XI.1. The needs assessor must have no identity-of-interest with the lender or the borrower or its principals and may not have any personal or business relationship with the borrower, or its principals that would create a conflict of interest.

Energy Professionals must be engaged by the borrower for all applications requesting a green mortgage insurance premium rate ("Green MIP") as published in the Federal Register, 81 FR, page 18473 ("MIP Notice"), Section D, and/or underwriting of reduced operating expenses to be achieved with specified energy efficiency utility repairs and alternations. The energy professional's primary tasks include benchmarking energy consumption at the property; managing EPA's Portfolio Manager® online application for annual reporting; conducting site inspections and energy audits; using energy modeling to



estimate energy use data; and assisting the owner and owner’s development team to obtain a recognized green building certification. When preparing Energy Audits, Energy Professionals must adhere to ASHRAE Energy Audit standards and procedures, which are a national standard of practice. Energy professionals must be persons with not less than three years work experience evaluating utility consumption in multifamily buildings and employing energy modeling and benchmarking software, including specifically EPA’s Portfolio Manager® and related ENERGY STAR® resources and products. Energy professionals must have professional certifications or credentials appropriate for analyzing multifamily properties and must remain current with new energy monitoring, measurement methods, and technologies. Appropriate professional certifications or credentials including one or more of the following:

1. Registered architect or licensed professional engineer (PE) with requisite energy experiences.
2. American Energy Engineers Association’s Certified Energy Manager (CEM) or Certified Energy Auditor (CEA) designations.
3. American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE) High Performance Building Design Professional (HPBDP) designation.
4. Building Performance Institute (BPI) Multifamily Building Analyst (MFBA) designation.
5. Residential Energy Services Network (RESNET) Home Energy Rating System (HERS) Rater.

Environmental Professionals. All applications for insured mortgages must submit an environmental review using the HUD Environmental Review Online System (HEROS) in order to comply with the National Environmental Policy Act of 1969 (42 U.S.C 4321 et seq.) (NEPA), HUD regulations implementing NEPA at 24 CFR Part 50 including related Federal Laws and Authorities at 24 CFR 50.4 and 50.3(i), and specific MAP environmental requirements. The MAP Lender will generally select the environmental professionals and must verify that the professionals used are qualified for their assigned responsibilities. Professionals preparing Phase I and Phase II Environmental Site Assessments must meet the qualification requirements in the latest versions of ASTM E1527 and E1903, respectively. Professionals may be required to evaluate technical areas, such as lead-based paint, asbestos, radon, noise, wetlands, flooding, endangered species, historic preservation, soil stability conditions, engineered fall distances, pipeline hazards, or other areas. These professionals must meet the license and certification standards laid out in MAP Guide Chapter 9 Section 9.6.

Most of the environmental review is covered by the PRA for HEROS (OMB Approval No. 2506-0202 – HUD Environmental Review Online System). The Lead Based Paint requirements stem from the regulations at 24 CFR Part 35. The Radon and Asbestos requirements follow national standards (ANSI-AARST for radon and ASTM for Asbestos.)

Other Technical Specialists engaged by the borrower, the project architect, or the MAP Lender to prepare or review of architectural plans and specifications may include mechanical, structural, sanitary, geo-technical or civil engineers. When engaged for services, a principal of the technical specialist firm must be a licensed or registered professional and must affix and sign relevant professional seal(s) on any deliverable resulting reports or official opinions.

### **Certifications by Third Party Professionals**

By statute, appraisals submitted in support of an application for HUD mortgage insurance must comply with the Uniform Standards of Professional Appraisal Practice (USPAP). USPAP requires a certification and specifies the content of the certification. We require this additional certification because our appraisals must be prepared in compliance with fair housing and anti-discrimination laws.

Other Certifications – To reduce the number of exhibits submitted in loan closing packages and to reduce HUD staff review, HUD created the Consolidated Certification – Borrower, Form HUD-91070M (current collection 2502-0598) to capture in one document one signature of the borrower. Previously HUD

required separate written statements and three documents requesting the borrower to execute its compliance with National Housing Act provisions, compliance with fair housing and civil rights acts, equal employment opportunity, consent to release credit information, participation in the low-income housing tax credit program, disclosure of any identity of interest, and disclosure of no lobbying. The form contains seven (7) certifications requiring one signature.

### **HUD Inspectors**

The HUD Inspector is an independent third party contracted by HUD to monitor new construction and substantial rehabilitation financed by HUD construction loans, and to inspect repairs and alterations of multifamily housing projects refinanced or purchased with FHA-insured loans. The number of inspections varies widely based on the scale of construction and the length of the construction period. Construction loans require monthly inspections of work in progress requiring not less than 12 nor more than 24 inspections, while most refinance or purchase loans require no more than 2 inspections. HUD will select qualified inspectors with at least six (6) years of relevant experience. Hired inspectors may be a Design Representative, a Construction Representative, or an individual or group/firm. The inspector's experience must clearly demonstrate knowledge and familiarity with construction, construction inspection, and construction administration. The experience must also demonstrate knowledge of national building codes and standards, current standard construction methods and procedures, Federal Fair Housing Accessibility Guidelines, and HUD regulations and handbook requirements to ensure compliance by the owner, builder, and the supervisory architect.

Inspections are the periodic site observations made to protect HUD's interests and cover all activities and phases of a construction project. The inspections ensure the quality of work done at the property to bring the multifamily housing project to a decent, safe, and sanitary condition in accordance with 24 CFR Part 5, Subpart G. In addition to inspecting the progress being made under the construction contract, inspectors also investigate complaints HUD may receive concerning the property's physical condition and other construction related issues.

For construction loans and refinance/purchase loans with more than \$15,000 per unit in repair costs, the HUD Inspector will conduct a pre-construction conference at initial endorsement. To perform its inspection for construction loans HUD will furnish to the inspector copies of construction documents, which include: Construction Contract HUD-92442M; a set of drawings and specifications on-site and off-site improvements; AIA Standard Forms for contracts; and Form HUD-2328 Contractor's and/or Mortgagor's Cost Breakdown (current collection 2502-0044). The inspector's site observations are recorded on the HUD Representative's Trip Report, Form HUD-95379 (current collection 2502-0029). The frequency of site inspections varies based on the program and construction type. For refinance/purchase loans with repairs HUD will furnish the inspector with the itemized list of repairs and alterations generated by the CNA e-Tool as part of the Capital Needs Assessment, and if the scale of repairs exceeds \$15,000 per unit, additional plans and specifications prepared by the architect and if a general contractor is employed, the AIA A-104 contract between the owner and general contractor.

### **Closing Guidance**

Chapter 19 of the MAP Guide describes closing procedures for multiple closing types: initial closing and final closing (for new construction/substantial rehabilitation) and final closing (for purchase or refinancing). All documents are submitted one-time for initial closing final closing (for purchase, refinance) to HUD electronically (via e-mail exchange).

The Closing Chapter discloses the Form name and number for all documents, agreements, riders, and certifications currently approved under the Multifamily Closing Document PRA collection 2502-0598. This collection is presently under separate review for renewal.

In preparation for closings, HUD requires the borrower to disclose any additional agreements affecting the project or the loan. The information and documents are required as HUD must review and consider all documents that could impact the project to the detriment of HUD, particularly since borrower entities must be single-asset entities and are prohibited from engaging in business activities other than the FHA-insured multifamily rental project. This information is needed as a matter of due diligence for the protection of the FHA insurance funds. Lenders must submit required Documents for each closing type on an as needed/as applicable basis.

**Closing Chapter.** There are instances when a closing will require the collection of standard industry practice type documents that are submitted by the lender. The Closing Chapter collects these documents in these three areas:

Workout Information and Documentation is prepared by lender's counsel and submitted by lender to HUD; includes non-standardized information provided by third parties (e.g., surety company), certification of compliance with HUD requirements, and workout agreement. Information is needed to gain cooperation and participation of third parties for projects experiencing significant problems during construction to ensure project completion and final loan closing in order to avoid a mortgage insurance claim. This documentation is standard industry practice which HUD has historically collected in workout situations in the past, but not until the present has it been formalized for PRA purposes. Submitted one time before final closing for new construction/sub-rehab project loans but only in construction dispute situations.

Title Agent Letter of Authority and Closing Protection Letter(s) are industry standard requirements for closing commercial real estate transactions. They are prepared by the title agent and policy issuing title company; then submitted to HUD by lenders. The letter of authority demonstrates the agent has the authority to issue the Title Policy on behalf of the title company for the project identified in the letter and must be valid as of the date of closing. It is collected as a matter of due diligence for the protection of the Department and the insurance funds in the event a title company attempts to disavow a policy issued by one of its agents. The letter of authority is submitted for all closing types (new construction/sub-rehab and refinance) when a title agent issues the title policy instead of the actual title company providing the title insurance.

The closing protection letter is typically provided on an industry (ALTA) form; it ensures that the title agent, approved attorney, or other third-party escrow agent is authorized to perform the escrow services on behalf of the title company, and to indemnify the Lender for actual losses caused by certain misconduct of the closing agent (subject to specific exceptions and exclusions therein). The closing protection letter is submitted one time for all closing types: initial closing (new construction/sub-rehab) and initial/final closing (refinance).

#### UCC Searches.

These documents are non-HUD forms that HUD requires lenders to provide to establish that there have been no liens filed against the borrower's personalty under Uniform Commercial Code for the protection of lender and HUD. They are standard industry documents that conventional lenders require in addition to HUD. Submitted one time for all closing types: initial closing (new construction/sub-rehab) and initial/final closing (refinance).

### 1. Use of technical collection techniques to reduce burden.

All Forms (with OMB Clearance numbers) are available on the Department's website. In the past the Office of Housing Multifamily Production (OHMP) did not receive these forms electronically for submission of a complete application package

for mortgage insurance. Some of the forms are in PDF format, PDF Fillable or can be scanned and sent by electronic mail. This collection of information does not involve the use of an automated system for the preparation and submission of complete application packages for mortgage insurance.

### Inception of Catalyst Application Portal

Since the publication of the 2020 MAP Guide (December 2020) HUD has deployed software under the name of “Catalyst” enabling all multifamily lenders to submit their applications electronically. This system is not automated and now functions exclusively as a submission portal but may be expanded in the future. HUD required lenders to use Catalyst to submit their multifamily loan applications beginning in November 2021 with Mortgagee Letter 2021-26 under OMB collection numbers 2502-0029 and 2502-0620.

### CNA e-Tool

As part of an effort begun in 2010 to align Federal rental housing policies and procedures, HUD and the U.S. Department of Agriculture (USDA) Rural Housing Service developed an automated process for preparation, submission, and review of CNAs. The standardized data entry, automated basic data validation and data submission to HUD for review all occur using a web-based application called CNA e-Tool. A new and improved cloud-technology based version of this tool was released in November of 2020 and has been widely praised by stakeholders. Technical information, instructions on how to access and use the CNA e-Tool, and related information is available at HUD’s CNA e-Tool home page.

HUD also requires that all environmental reports prepared for HUD FHA-insured multifamily properties be prepared, submitted, and reviewed using HUD’s Environmental Review Online System (HEROS).

## 2. Identify duplication.

Each loan application prepared by the MAP Lender is unique. Because real estate locations and local markets are also unique, development and construction cost vary and are specific to each project. Accordingly, general or modified information is not acceptable. The Department will allow Lender prepared and formatted exhibits as a substitute to obtain the required information for mortgage insurance, provided the document or HUD Form has the approved OMB approval collection number, date and form number ascribed on it.

## 3. Impact on small organizations.

The Department minimizes the burden on small businesses by requiring the collection of information only once at or before Initial Endorsement. Many of the respondent lenders and third-parties are small businesses, but the impact of HUD’s application requirements is distributed across a team of such small businesses, each specializing in a specific practice area such as appraisal work or environmental reviews or architectural design. The team is assembled by the lender for the explicit purpose of preparing a multifamily property for development and/or financing. Each business bears only a portion of the overall application task and is uniquely skilled and established for the purpose of providing or delivering their service to the commercial real estate industry.

## 4. Consequences of collection not conducted or conducted less frequently.

The collection of information occurs only once for any loan application submitted for a mortgage insurance under a multifamily housing program eligible for MAP processing; and one application submission for the MAP approval of a Lender. If this collection were not conducted the Department could not comply with the provisions of the law and Federal Regulations; mortgage insurance would not be available to multifamily properties and the government's ability to maintain liquidity in this critical market during times of stress would be reduced.

5. Explain any special circumstances that require the collection to be conducted in a manner:

**Requiring respondents to report information to the agency more than quarterly** - *There is no special circumstance for reporting more than quarterly. An application for mortgage insurance is a singular event for a specific property envisioning a single financing transaction;*

**Requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it** – *HUD and MAP Lenders have a mutual interest in ensuring consistent lender competence and compliance with the MAP Guide and other relevant guidance and handbooks. If in the process of performing this work, the lender places HUD at un-due risk, HUD will issue a Warning Letter or sanction the lender. The MAP Lender may, within 10 business days of receiving a sanction letter, request in writing, an appeal conference before the appeals official;*

**Requiring respondents to submit more than an original and two copies of any document** - *There is no special circumstance. A complete MAP application submitted for mortgage insurance includes one electronic copy. One hard copy and an electronic version is submitted for Lender's application to become an approved MAP lender;*

**Requiring respondents to retain records other than health, medical, government contract, grant-in-aid, or tax records for more than three years** - *There is no special circumstance, the Department does not provide procedures for respondents to retain records;*

**In connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study** – *There is no special circumstance, a statistical survey does not exist in this collection;*

**Requiring the use of a statistical data classification that has not been reviewed and approved by OMB** - *There is no special circumstance, a statistical survey does not exist in this collection;*

**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** - *There is no special circumstance that includes a pledge of confidentiality in this collection; or*

**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** - *There is no special circumstance that requires respondents to submit proprietary trade secrets. However, as a normal course of business, the Agency does have in place procedures for protection of and record retention of confidential information submitted by applicants for mortgage insurance.*

6. Federal Register

In accordance with 5CFR 1320.8(d), this information collection soliciting public comments was announced in the Federal Register on **Monday, September 12, 2022**, Volume **87**, No. **175**, Pages **55836**.

**7. Payment of gifts.**

No gifts or payments, other than remuneration to contractors, are provided to respondents.

**8. Confidentiality.** *Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.*

The Privacy Act of 1974 provides an assurance of confidentiality to the respondents. This is protected under the Freedom of Information ACT (FOIA) of 1974, 5 U.S.C. § 552a.

**11. Sensitive questions.** *Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.*

No questions of a sensitive nature exist in this collection.

**12. Estimates of the hour burden and costs for collection of information:**

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
<b>Information Collection Item</b>	<b>Number of Respondents (Lenders)</b>	<b>Frequency of Response (1 avg appl.)</b>	<b>Total Annual Responses (B x C)</b>	<b>Burden Hour Per Response</b>	<b>Burden Hrs/Yr (D x E)</b>	<b>Hourly Cost Per Response</b>	<b>Total Annual Cost (F x G)</b>
<b>Non-Standard Practice Forms Required for All Applications:</b>							
Lenders Narrative Report (include non-form Certifications )	86	100%	86	16.0	1376	\$54.26	\$74,667
Firm Commitment Extensions or Amendments	86	77%	65.85	4.0	263	\$39.27	\$10,343
Application Checklists, Assembly & Delivery	86	100%	86	5.0	430	\$39.27	\$16,885
<i>Sub Total</i>	<i>86</i>		<i>237.85</i>	<i>8.7</i>	<i>2069</i>	<i>\$49.24</i>	<i>\$101,895</i>
<b>Non-Standard Practice Forms Required for Substantial Rehabilitation Applications:</b>							
Detailed Work Write-Up	86	6%	5.25	100.00	525	\$84.86	\$44,549
<i>Sub Total</i>	<i>86</i>		<i>5.25</i>	<i>100</i>	<i>525</i>	<i>\$84.86</i>	<i>\$44,549</i>
<b>Lender Property Inspection and Review/Analysis of Due Diligence Reports, both standard and non-standard reports:</b>							
New Construction & Substantial Rehab Applications	86	20%	17.29	80	1383	\$54.26	\$75,069
Refinance or Purchase Applications	86	80%	68.71	56	3848	\$54.26	\$208,787
Adjustment for Revised Cost Not Attributable Method	86	10%	8.6	-4	-34	\$54.26	(\$1,867)

<b>Sub Total</b>	<b>86</b>		<b>94.6</b>	<b>49.12</b>	<b>4647</b>	<b>\$54.26</b>	<b>\$281,990</b>
<b>Lender Construction Escrow or Repair Escrow Administration:</b>							
New Construction & Substantial Rehab Applications	86	20%	17.29	60	1,038	\$39.27	\$40,742
Refinance or Purchase Applications	86	80%	68.71	10	687	\$39.27	\$26,979
<b>Sub Total</b>	<b>86</b>		<b>86</b>	<b>20.05</b>	<b>1724.63</b>	<b>\$39.27</b>	<b>\$67,721</b>
<b>Total Non-Standard Practice Items</b>	<b>86</b>		<b>423.70</b>	<b>24.08</b>	<b>10,204</b>	<b>\$52.28</b>	<b>\$533,489</b>
<b>Average for a Single, Generic Application:</b>			<b>4.93</b>	<b>24.08</b>	<b>118.65</b>	<b>\$52.28</b>	<b>\$6,203</b>
<b>Collection Total for All Applications:</b>			<b>2071</b>	<b>24.08</b>	<b>132,172</b>	<b>\$52.28</b>	<b>\$6,910,542</b>

**Notes:**

Column A: This collection describes the response or work of lenders to prepare insured mortgage applications for a variety of loan purposes eligible under different Sections of the National Housing Act. This work is divided into four categories for purposes of summarizing burden hours and costs. The first category are tasks typical of all applications. The second describes a single task for a single loan activity, i.e., substantial rehabilitation, which is the subject of only 6% of applications in the past three calendar years. The third describes the time needed for lender underwriters to read, absorb and correlate the multiple Standard Practice due diligence reports they obtain from third-parties they or the borrower hire for the transaction. The burden of preparing such standard practice reports is described in response to Question 13, below. The specific reduction in burdens provided by the revised method for calculating cost not attributable is shown as a deduct, applicable in only 10% of cases. The last category of work is lender tasks required to monitor and administer funds escrowed for construction. Construction loans are significant undertakings with funds disbursed monthly after review of borrower requests for reimbursement of costs, over a construction period averaging 15 months. By contrast repairs and alterations in refinance or purchase loans vary widely but are limited in time and scope, typically with only two progress disbursements and a single final disbursement. The last three rows of the table reflect the aggregate of a single “composite” application per lender by 86 lenders, then the average for a single application, followed by the Collection Total for all 1,114 applications received annually based on the last three calendar years, 2019-2021.

Column B: The table reports 86 respondents, that is, lenders actively filing multiple applications annually, though the actual number of applications filed varies widely among lenders. During calendar years 2019, 2020 and 2021 the average number of applications filed by all lenders was 1,114 per annum (See table of Firm Commitments issued on page 4.)

Column C: Frequency of response is shown as a percentage representing the average composition of applications by activity type, that is, construction loans (NC/SR and Section 241a supplemental loans for additions or improvements) and loans for refinance or purchase of existing properties with no construction exceeding repairs and alterations described in the Capital Needs Assessment.

Column E: Burden hours per response describes the average estimated time reported by lenders to perform the several categories of work. Individual cases vary widely in degree of difficulty, even within the same category of work for the same loan purpose.

Column G: Wage rates reflect an increase of 12% over those reported in the 2020 Supporting Statement.

Row- Cost Not Attributable Adjustment: Lenders reported that they would save circa 4 burden hours on 10% of cases relative to their overall average per Firm Commitments

## Industry Partner Information Sources

The following industry partners assisted the Department with providing estimated number of hours to perform to completion a loan application, Standard Practice Forms, and the hourly salary or billing rates of the individual(s) completing documents:

### **Lenders**

Walker Dunlap  
300 East Lombard Street  
Baltimore, MD 21202  
Ken Buchanan - (410) 500-4302  
[KBuchanan@walkerdunlop.com](mailto:KBuchanan@walkerdunlop.com)

PGMI Real Estate Finance  
Investment Operations, Closing Manager  
Columbus, Ohio  
Tiffany Baymiller (614) 401-7701  
[tiffany.baymiller@pgmi.com](mailto:tiffany.baymiller@pgmi.com)

AGM Financial  
20 South Charles Street  
Baltimore, MD 21202  
Troy D. Brown – (443) 573-2043  
[tbrown@agmfinancial.com](mailto:tbrown@agmfinancial.com)

Jones Lang LaSalle Multifamily, LLC  
2177 Youngman Avenue  
St. Paul, MN 55116  
Kurt Dayton – (763) 656-4566  
[kurt.dayton@am.jll.com](mailto:kurt.dayton@am.jll.com)

Greystone  
Barry Wolfson, Chief FHA Underwriter  
540-428-7209, [barrywolfson@greyco.com](mailto:barrywolfson@greyco.com)  
419 Belle Air Lane  
Warrenton, VA 20186

Berkadia  
Robert Warren, FHA Chief Underwriter  
404-654-2340, Three Alliance Center  
3550 Lenox Road Ste 2600  
Atlanta, GA 30326

### **Trade Association**

Mortgage Bankers Association  
Associate VP | Commercial/Multifamily Grp  
1919 M Street NW, WDC 20036  
Sharon Walker- (202) 557-2747  
[swalker@mba.org](mailto:swalker@mba.org)

### **Multifamily Lenders Council**

Reno & Cavanaugh PLLC  
10320 Little Patuxent Parkway  
Columbia, MD 21044  
Gillian N. Rudow- (202) 349-2692  
[grudow@renocavanaugh.com](mailto:grudow@renocavanaugh.com)

National Association of Home Builders  
1201 15th Street, NW  
Washington, DC 20005  
Michelle Kitchen – (202) 266-8352  
[MKitchen@nahb.org](mailto:MKitchen@nahb.org)

### **Third-Party Experts**



Center for Radon & Air Toxics  
Indoor Environments Division, U.S. EPA  
Katrín Kral – (202) 343-9454  
[Kral.katrin@epa.gov](mailto:Kral.katrin@epa.gov)

Molly Coon, LEED Green Associate  
Partner Energy  
680 Knox Str., Ste 150  
Los Angeles, CA 90502  
310-220-6274, [mcoon@ptrenergy.com](mailto:mcoon@ptrenergy.com)

Thom Cooley, Managing Dir, Third Party Admin.  
Dwight Capital  
787 Eleventh Ave., 10<sup>th</sup> Fl  
NYC, NY 10019  
347-853-7752, [tc@dwightcap.com](mailto:tc@dwightcap.com)

Stephan Evanko, LEED AP, NGBS Green Verifier, BPI  
MFBA  
Managing Director of Energy & Sustainability  
Dominion Due Diligence  
201 Wyldrose Drive  
Midlothian, VA 23113  
804-237-1892, [sevanko@d3g.com](mailto:sevanko@d3g.com)

Jesse Pasco, Sr Program Director  
Assessments  
EBI Consulting  
8002 Discovery Drive, Ste 308  
Richmond, VA 23229  
804-282-3927 xt 1404  
[jebbonnett@aeiconsultants.com](mailto:jebbonnett@aeiconsultants.com)  
[jpasco@ebiconsulting.com](mailto:jpasco@ebiconsulting.com)

Jeb Bonnett, Sr. V.P. HUD Bldg  
AEI Consultants  
1525 Huguenot Road, Ste 202  
Midlothian, VA 23113  
804-955-8373,

### 13. Total annual cost burden to respondents.

As noted, the MAP Guide requires the use of multiple standard practice forms and/or reports prepared by third-parties retained either by the lender or the borrower, as applicable. The time and cost for these third-party reports are passed through to the borrower but each required item is reviewed by the lender as reported in Item #12, correlated with other application materials, and used to reach an underwriting conclusion as described in the Underwriters Narrative. Nonetheless, these reports are material costs and burdens for insured mortgage applications which significantly exceed lenders' internal costs (\$55.8 million vs \$6.9 million) for this collection. When combined with lender burdens, the cost of third-party standard reports (other than those covered by separate OMB numbers) total \$62,679,171 which represents circa 0.25 to 0.30% of loan volume, that is, a quarter to a third of a point of aggregate annual insured loan amount.

A	B	C	D	E	F	G	H
Information Collection Item	Number of Respondents (Lenders)	Frequency of Response (1 avg appl.)	Total Annual Responses (B x C)	Burden Hour Per Response	Burden Hrs/Yr (D x E)	Hourly Cost Per Response	Total Annual Cost (F x G)
<b>Third-Party Standard Practice Forms/Reports Not In Collection Total or Covered by Other OMB Numbers:</b>							
Appraisal- NC SR	86	20%	17.29	120	2,075	\$56.80	\$117,857
Market Study-NC SR	86	20%	17.29	64	1,107	\$76.15	\$84,276
Appraisal- Refinance/Purchase	86	80%	68.71	96	6,596	\$56.80	\$374,616
Third-Party Certifications	86	100%	86	0.50	43	\$39.27	\$1,688
Green Building Certifications	86	50%	43	240	10,320	\$217.41	\$2,243,633
ASHRAE Energy Audits- Refi/Purchase	86	30%	25.8	50	1,290	\$140.04	\$180,650
Refi/Purchase Drawings & Specs, A104, B 104, A201	86	20%	17.20	64	1,101	\$134.40	\$147,948
NC/SR Plans, Specs., & Amendment AIA-B108	86	20%	17.29	240	4,150	\$134.40	\$557,791
Lender's Third Party Construction Analyst	86	50%	43	32	1376	\$125	\$172,000
Adjustment for Revised Cost Not Attributable Method	86	5%	4.3	-16	-69	\$125	(8,600)
Closing Docs [Workout Info, Title Agent Auth, UCC] <sup>7</sup>	86	100%	86	100.00	8,600	\$50.40	\$433,440
Capital Needs Assessment-CNA e-Tool	2502-0505						
Environmental - HEROS	2506-0202						
EPA's Portfolio Manager® (Energy Benchmarking &	2060-0347						

Scoring)							
<b>Sub-Total</b>	86		426	85.91	36,589	\$117.67	\$4,305,298
<b>Average for a Single, Generic Application:</b>			4.95	85.91	425.45	\$117.67	\$50,062
<b>Total for All Applications:</b>			5516.7	85.91	473,955	\$117.67	\$55,768,629

Notes:

See Notes for the burden table responding to Item 12 for explanations of columns

Row-ASHRAE Energy Audits: Energy audits are required only for existing properties seeking green MIP which is circa 30% of cases.

Row-Lender's Third-Party Construction Analyst: These consultants are employed for all NC/SR cases (20%) and existing properties with requested green MIP or other significant repairs & alterations (30%)

Row-Cost Not Attributable Adjustment: Third parties reported that they would save circa 16 burden hours on 5% of cases relative to their overall average per Firm Commitments

14. Cost to the Federal Government for HUD MAP Review:

Cost to the federal government includes only the hourly wage rate of employees directly involved and excludes employee benefits and overhead costs of administration, office space, systems, etc. The total of these costs is estimated at \$8,024,226, for both lender items and third-party products.

Lender Prepared Items:

A	B	C	D	E	F	G	H
Information Collection Item	Number of Respondents (Lenders)	Frequency of Response (1 avg appl.)	Total Annual Responses (B x C)	Burden Hour Per Response	Burden Hrs/Yr (D x E)	Hourly Cost Per Response	Total Annual Cost (F x G)
<b>Non-Standard Practice Forms Required for All Applications:</b>							
Lenders Narrative Report (includes non - form Certifications )	86	100%	86	16.0	1376	\$47.91	\$65,924
Firm Commitment Extensions or Amendments	86	77%	65.85	2.0	132	\$47.91	\$6,310
Application Checklists	86	100%	86	1.0	86	\$47.91	\$4,120
<i>Sub Total</i>	86		237.85	6.7	1593.7	\$47.91	76,354
<b>Non-Standard Practice Forms Required for Substantial Rehabilitation Applications:</b>							
Detailed Work Write-Up	86	6%	5.25	8.0	42	\$47.91	2,012
<i>Sub Total</i>	86		5.25	8	42	\$47.91	\$2,012
<b>Lender Construction Escrow or Repair Escrow Administration:</b>							
New Construction &	86	20%	17.29	30	519	\$47.91	\$24,855

Substantial Rehab Applications							
Refinance or Purchase Applications	86	80%	68.71	4	275	\$47.91	\$13,167
HUD Inspectors-NC/SR	86	20%	17.29	120	2,075	\$47.91	\$99,419
HUD Inspectors-Refinance/Purchase	86	30%	25.80	16	413	\$47.91	19,777
<i>Sub Total</i>	<i>86</i>		<i>129.09</i>	<i>25.42</i>	<i>3,281.53</i>	<i>\$47.91</i>	<i>157,218</i>
<b>Total Non-Standard Practice Items</b>	<b>86</b>		<b>372.19</b>	<b>13.21</b>	<b>4,972.22</b>	<b>\$47.91</b>	<b>\$235,584</b>
<b>Average for a Single, Generic Application:</b>			<b>4.33</b>	<b>13.21</b>	<b>57.18</b>	<b>\$47.91</b>	<b>\$2,739</b>
<b>Collection Total for All Applications:</b>			<b>4,821.2</b>	<b>13.21</b>	<b>63,695.2</b>	<b>\$47.91</b>	<b>\$3,051,637</b>

### Third Party Reports:

A	B	C	D	E	F	G	H
Information Collection Item	Number of Respondents (Lenders)	Frequency of Response (1 avg appl.)	Total Annual Responses (B x C)	Burden Hour Per Response	Burden Hrs/Yr (D x E)	Hourly Cost Per Response	Total Annual Cost (F x G)
<b>Third-Party Standard Practice Forms/Reports Not In Collection Total or Covered by Other OMB Numbers:</b>							
Appraisal- NC SR	86	20%	17.29	40	692	\$47.91	\$33,140
Market Study-NC SR	86	20%	17.29	16	277	\$47.91	\$13,256
Appraisal- Refinance/Purchase	86	80%	68.71	32	2199	\$47.91	\$105,337
Third-Party Certifications	86	100%	86	2	172	\$47.91	\$8,241
Green Building Certifications	86	50%	43	8	344	\$47.91	\$16,481
ASHRAE Energy Audits- Refi/Purchase	86	30%	25.8	3	77	\$47.91	\$3,708
Refi/Purchase Drawings & Specs, A104, B 104, A201	86	20%	17.20	8	138	\$47.91	\$6,592
NC/SR Plans, Specs., & Amendment AIA-B108	86	20%	17.29	40	692	\$47.91	\$33,140
Lender's Third Party Construction Analyst	86	50%	43	12	516	\$47.91	\$24,722
Adjustment for Revised Cost Not Attributable Method	86	10%	8.6	-4	-34	\$47.91	(\$1,648)
Closing Docs [Workout Info, Title Agent Auth, UCC] <sup>7</sup>	86	100%	86	4	344	\$47.91	\$16,481
Capital Needs Assessment-CNA e-Tool-2502-0505	86	100%	86	8	688	\$47.91	\$32,962
Environmental – HEROS-2506-0202	86	90%	77.4	24	1,858	\$47.91	\$88,998
EPA's Portfolio Manager® (Benchmarking & Scoring) 2060-0347	86	30%	25.8	2	52	\$47.91	\$2,472
<b>Sub-Total</b>	<b>86</b>		<b>619</b>	<b>12.94</b>	<b>8,013</b>	<b>\$47.91</b>	<b>\$383,880</b>
<b>Average for a Single, Generic Application:</b>			<b>7.20</b>	<b>12.94</b>	<b>93.17</b>	<b>\$47.91</b>	<b>\$4,464</b>
<b>Total for All Applications:</b>			<b>8023</b>	<b>12.94</b>	<b>103,790.3</b>	<b>\$47.91</b>	<b>\$4,972,588</b>

### Notes:

See Notes for the burden table responding to Item 12 for explanations of columns

Hourly cost is based on the 2022 GS-12/5 Federal hourly rate for Chicago, selected as typical of the locations of HUD MF Production Regional/Satellite Offices.

15. This is a revision of a currently approved collection for the MAP Lender requirements. Apart from the noted change to the method for calculating costs not attributable to dwelling units and the recent implementation of the Catalyst application portal, there are no changes to the way the program is administered.

However, this Supporting Statement corrects significant conceptual errors and oversights in the prior calculation of burden hours. This collection identifies 10,204 lender burden hours for an “average” Firm Commitment repeated 86 times, that is, once for each of 86 lenders. The comparable figure described in the Supporting Statement for the 2020 MAP Guide was 10,406 burden hours. But in fact, the figures are not comparable, and the proximity in their value is purely incidental. Unlike the former, the present calculation separates lender burden hours from those required from third-party consultants and specialists hired by either the borrower or the lender depending on MAP Guide requirements and industry practice. In addition, the frequency and distribution of tasks based on the type of activity funded in each insured loan is more accurately and completely reflected in the present calculation. Needless to say, the former calculation significantly understated the burden hours and costs for third-party reports as well as the lenders task of reading, reviewing and correlating these reports in preparation for writing their Underwriting Narrative.

The former calculation did not adjust or extrapolate the estimated burden for 86 “average” or “composite” firm commitments. The present calculation extrapolates this calculation into meaningful estimates of the average burden and cost for a single, generic, firm commitment as well as estimating the aggregate burden and costs for the annual average of 1,114 firm commitments issued in the three most recent calendar years, 2019 through 2021.

Upon approval of the MAP Guide as amended by the referenced Mortgagee Letter revising the method for calculating cost not attributable to dwelling units and the Catalyst Mortgagee Letter 2021-26, Multifamily Production will instruct our document production contractor to make the changes in the MAP Guide specified by the Mortgagee Letters, whereupon the amended document will be reposted to HUD Clips.

16. Collection of information whose results will be published.

Collection of this information will not be published. Each form will be maintained with the HUD Program Office in individual case file.

17. Display of expiration date.

HUD is not seeking approval to avoid displaying the OMB expiration date.

18. Exceptions to Certification Statement.

There are no exceptions to the “Certification Statement” identified in item 19 of Form OMB 83-1.

B. Collection of information employing statistical methods.

There are no plans to use statistical methods for collection of this information.