

# +Paperwork Reduction Act Submission

Please read the instruction before completing this form. For additional forms or assistance in completing this forms, contact your agency's Paperwork Reduction Officer. Send two copies of this form, the collection instrument to be reviewed, the Supporting Statement, and any additional documentation to: Office of Information and Regulatory Affairs, Office of Management and Budget, Docket Library, Room 10102, 725 Seventeenth St. NW, Washington, DC 20503.

1. Agency/Subagency Originating Request: <b>U.S. Department of Housing and Urban Development</b> <b>Office of Finance and Budget – Albany Financial Operations Center</b>		2. OMB Control Number: a. <b>2502-0483</b> b. None	
3. Type of information collection: (check one) a. <input type="checkbox"/> New Collection b. <input checked="" type="checkbox"/> Revision of a currently approved collection c. <input type="checkbox"/> Extension of a currently approved collection d. <input type="checkbox"/> Reinstatement, <b>without change</b> , of previously approved collection for which approval has expired e. <input type="checkbox"/> Reinstatement, <b>with change</b> , of previously approved collection for which approval has expired f. <input type="checkbox"/> Existing collection in use without an OMB control number For b-f, note item A2 of Supporting Statement instructions.		4. Type of review requested: (check one) a. <input checked="" type="checkbox"/> Regular b. <input type="checkbox"/> Emergency - Approval requested by c. <input type="checkbox"/> Delegated 5. Small entities: Will this information collection have a significant economic impact on a substantial number of small entities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 6. Requested expiration date: a. <input checked="" type="checkbox"/> Three years from approval date      b. <input type="checkbox"/> Other (specify)	
7. Title: <b>Debt Resolution Program.</b>			
8. Agency form number(s): (if applicable) <b>HUD-56141, HUD-56142, HUD-56146 and HUD-92090</b>			
9. Keywords: <b>Housing, Mortgage, Financial Statement, Pre-Authorized Debit, Repayment Agreement, Debtor</b>			
10. Abstract: <b>HUD is required to collect debt owed to the agency. As part of the collection process, demand for repayment is made on the debtor(s). In response, debtors opt to ignore the debt, pay the debt or dispute the debt. Disputes and offers to repay the debt result in information collections. Borrowers who wish to pay less than the full amount due must submit a Personal Financial Statement and Settlement Offer. HUD uses the information to analyze debtors' financial positions and then approve settlements, repayment agreements, and pre-authorized electronic payments to HUD. Borrowers who wish to dispute must provide information to support their position.</b>			
11. Affected public: (mark primary with "P" and all others that apply with "X") a. <b>P</b> Individuals or households      e. Farms b. <b>X</b> Business or other for-profit      f. Federal Government c. Not-for-profit institutions      g. State, Local or Tribal Government		12. Obligation to respond: (mark primary with "P" and all others that apply with "X") a. Voluntary b. <b>P</b> Required to obtain or retain benefits c. Mandatory	
13. Annual reporting and recordkeeping hour burden: a. Number of respondents      850 b. Total annual responses      2,790 Percentage of these responses collected electronically      0% c. Total annual hours requested      895 d. Current OMB inventory      847 e. Difference (+,-)      +48 f. Explanation of difference: 1. Program change: 2. Adjustment:      +48		14. Annual reporting and recordkeeping cost burden: (in thousands of dollars) Do not include costs based on the hours in item 13. a. Total annualized capital/startup costs      \$0.00 b. Total annual costs (O&M)      \$0.00 c. Total annualized cost requested      \$0.00 d. Total annual cost requested      \$0.00 e. Current OMB inventory      \$0.00 f. Explanation of difference: 1. Program change: 2. Adjustment:	
15. Purpose of Information collection: (mark primary with "P" and all others that apply with "X") a. <b>P</b> Application for benefits      e. <b>X</b> Program planning or management b. <b>X</b> Program evaluation      f. Research c. General purpose statistics      g. Regulatory or compliance d. Audit		16. Frequency of recordkeeping or reporting: (check all that apply) a. <input type="checkbox"/> Recordkeeping      b. <input type="checkbox"/> Third party disclosure c. <input checked="" type="checkbox"/> Reporting: 1. <input checked="" type="checkbox"/> On occasion      2. <input type="checkbox"/> Weekly      3. <input type="checkbox"/> Monthly 4. <input type="checkbox"/> Quarterly      5. <input type="checkbox"/> Semi-annually      6. <input type="checkbox"/> Annually 7. <input type="checkbox"/> Biennially      8. <input type="checkbox"/> Other (describe)	
17. Statistical methods: Does this information collection employ statistical methods? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		18. Agency contact: (person who can best answer questions regarding the content of this submission) Name: <b>Lester J. West</b> Phone: <b>518-464-4200 ext. 4206</b>	

## 19. Certification for Paperwork Reduction Act Submissions

On behalf of the U.S. Department of Housing and Urban Development, I certify that the collection of information encompassed by this request complies with 5 CFR 1320.9.

**Note:** The text of 5 CFR 1320.9, and the related provisions of 5 CFR 1320/8(b)(3) appears at the end of the instructions. The certification is to be made with reference to those regulatory provisions as set forth in the instructions.

The following is a summary of the topics, regarding the proposed collections of information that the certification covers:

- (a) It is necessary for the proper performance of agency functions;
- (b) It avoids unnecessary duplication;
- (c) It reduces burden on small entities;
- (d) It uses plain, coherent, and unambiguous terminology that is understandable to respondents;
- (e) Its implementation will be consistent and compatible with current reporting and recordkeeping practices;
- (f) It indicates the retention periods for recordkeeping requirements;
- (g) It informs respondents of the information called for under 5 CFR 1320.8(b)(3):
  - (i) Why the information is being collected;
  - (ii) Use of the information;
  - (iii) Burden estimate;
  - (iv) Nature of response (voluntary, required for a benefit, or mandatory);
  - (v) Nature and extent of confidentiality; and
  - (vi) Need to display currently valid OMB control number;
- (h) It was developed by an office that has planned and allocated resources for the efficient and effective management and use of the information to collected (see note in item 19 of the instructions);
- (i) It uses effective and efficient statistical survey methodology; and
- (j) It makes appropriate use of information technology.

If you are unable to certify compliance with any of these provisions, identify the item below and explain the reason in item 18 of the Supporting Statement.

Signature of Program Official:

Date:

X  
Kevin B. Perkins, Director, Organizational Policy, Planning and Analysis Division, HROA  
2502-0483

Signature of Senior Officer or Designee:

Date:

X  
Lillian Deitzer, Departmental Reports Management Officer,  
Office of the Chief Information Officer

# Supporting Statement for Paperwork Reduction Act Submissions

## Debt Resolution Program

OMB Control Number 2502-0483

HUD-56141, HUD-56142, HUD-56146, and HUD-92090

### A. Justification

1. The Debt Collection Improvement Act (DCIA) of 1996 requires Federal Agencies to maximize collections of delinquent debts owed to the Government by ensuring quick action to enforce recovery of debts and the use of all appropriate collection tools. Section 2(c) of the National Housing Act (P.L. 479, 48 Stat. 1246, 12 U.S.C. 1701 et. seq.) empowers the Secretary of the Department of Housing and Urban Development to collect or compromise all obligations assigned to or held by HUD, and all legal or equitable rights accruing to HUD, in connection with the payment of a HUD-insured loan, until such time as such obligations may be referred to the Attorney General of the United States for suit or collection. The DCIA also requires agencies to provide debtors the right to dispute their debt prior to the reporting of the debt to a credit bureau.

The Federal Claims Collection Standards (FCCS) indicate that written demand shall be made promptly upon a debtor of the United States in terms that inform the debtor of the consequences of failing to cooperate with the agency to resolve the debt. These written demands (including the *Credit Bureau Notification Letter*) are linked to information collections, as they generate disputes and requests to pay or compromise debts.

The FCCS further states, “Agencies should obtain financial statements from debtors who represent that they are unable to pay in one lump sum . . .” (31 CFR 901.8) and “To assess the merits of a compromise offer based in whole or in part on the debtor’s inability to pay the full amount of the debt within a reasonable time, agencies should obtain a current financial statement from the debtor . . . “ (31 CFR 902.2(g)). Commercial debtors are required to submit copies of accountant prepared financial statements when warranted.

The Deficit Reduction Act of 1984 requires government agencies to use the latest collection methods to reduce the balance of funds owed to them. One of these methods, known as a Pre-Authorized Debit (PAD), provides for the electronic transfer of funds directly from the debtor’s account. This can be accomplished when the debtor provides the agency with the appropriate banking information. This method of payment is voluntary and is a cost-effective means of recovering funds owed to the Department.

In accordance with the Federal Claims Collection Act of 1966, as amended by the Federal Debt Collection Act of 1984, the Assistant Secretary for Administration has authorization from the Secretary to collect all claims not exceeding \$100,000 exclusive of interest.

2. This information request seeks to update the information collection requirements approved by OMB under control number 2502-0483, Debt Resolution Program, by incorporating debtor authorization to speak to a third party, requests for copies of cancelled checks, information submitted to dispute a debt, and verbal agreement confirmation letters. The collection includes all documents related to debt resolution.

HUD’s Financial Operations Center (FOC) is responsible for collecting or compromising obligations assigned to or held by HUD, and all legal or equitable rights accruing to HUD in connection with the payment of insurance claims. The FOC processes approximately 850 of these cases annually.

**Form HUD-56142, Debt Resolution Program/Personal Financial Statement.** The Federal Claims Collection Standards require HUD to obtain financial statements from borrowers who represent that they cannot pay their obligation in one lump sum. The Form HUD-56142 may be sent to the debtor with a verbal agreement confirmation letter. The FOC receives approximately 800 HUD-56142 forms annually. The attached form is being revised slightly to correct the fact that it is required to obtain benefits.

**Debtor Authorization for Third-Party Representation.** Of the 800 debtors who submit the HUD-56142, approximately 100 will provide authorization for HUD to speak to a third party (attorney, lender, Title Company) regarding the debt.

**Audited Financial Statements.** Approximately 50 debtor submissions annually involve commercial debtors who are not required to submit a HUD-56142, as they are instead required to submit accountant prepared financial statements to demonstrate their financial position.

**Justification documents,** such as tax returns, evidence of unemployment or disability, bankruptcy discharge, etc., are used to verify information provided by debtors on HUD-56141 and HUD-56142.

HUD uses the information in the HUD-56142 and the justification documents to determine (a) the debtor's ability to pay the debt in full; (b) the ability to pay the debt in installments; or (c) justification for a settlement offer. HUD uses this information to analyze debtors' financial positions and then approve settlements, repayment agreements, and pre-authorized electronic payments to HUD.

**Form HUD-56141, Debt Resolution Program/Settlement Offer.** Of the 850 borrowers who submit financial information, about 300 submit a settlement offer for full or partial payment of their obligation. HUD uses the information submitted on form HUD-56141 to evaluate the debtor's offer of full or partial settlement and requests for releases of obligations. HUD also uses this information to evaluate the source of the funds used to pay any portion of the debt. The attached form is being revised slightly to correct the fact that it is required to obtain benefits.

**Request for Immediate Release.** If the debtor or agent demands an immediate release, they are asked to submit a copy of the cancelled check to verify that HUD received payment. Of the 300 borrowers who submit settlement offers, approximately 100 involve the debtor or agent submitting copies of certified or canceled check to speed HUD's processing of the release documents.

**Form HUD-56146, Debt Resolution Program/Repayment Agreement.** Of the 850 borrowers who submit financial information, approximately 550 will submit form HUD-56146 through which the debtor agrees to pay his/her debt to HUD in installments. HUD uses this information to determine a borrower's attitude about repayment of the debt and his/her ability to repay the debt. If a verbal agreement is reached over the phone, the terms of the verbal agreement are later confirmed in writing. This is a rare occurrence, with approximately 5 occurrences annually. On rare occasions involving secured debt, the debtor will offer HUD his or her home as repayment of the debt (Deed in Lieu). This occurrence happens fewer than 5 times annually. The attached form is being revised slightly to correct the fact that it is required to obtain benefits.

**Form HUD-92090, Debt Resolution Program/Preauthorized Debit/HUD PAD Authorization.** Of the 550 borrowers who agree to make installment payments to resolve their HUD debt, approximately 40 use form HUD-92090 to establish an electronic debit from their bank account to make payments to HUD. This information is used by staff of the Financial Operations Center, acting in their role as collection agents for the Department.

3. This information collection is not usually collected electronically, although HUD will accept email requests from debtors who wish to respond in that manner. The respondents are debtors who defaulted on HUD-insured loans. These respondents usually prefer a paper option for communicating the information rather than an electronic means because many do not have easy access to computers with communication capability. When debtors agree to periodic debits of their bank accounts, this results in the elimination of a paper-based payment process because it eliminates paper checks. The burden to the respondents is minimal.
4. There is no duplication in the collection of this information. The data gathered is unique to the particular loan and the individual's circumstances.
5. This information does not impact small businesses or other small entities. The collection of information is targeted toward consumers/borrowers. Business entities with debts owed to HUD are also eligible for compromise/settlements and PADs. Small entities are not otherwise affected.
6. The consequences of not collecting this information would be non-compliance with the Federal Claims Collection Standards and a reduction in HUD's effectiveness in collecting debt based on the Department's inability to assess the viability of proposed payment arrangements or settlement offers.
7. The following special circumstance requiring this information to be collected in fewer than 30 days after receipt is necessary. When a debtor wants/needs to participate in a compromise settlement or payment arrangement as soon as possible, this is usually done within 30 days after initial contact. No other special circumstances apply.
8. In accordance with 5 CFR 1320.8(d), the agency's notice soliciting public comments was announced in the *Federal Register* July 21, 2006 (Volume 71, Number 14 Pages 41462-41630. No comments were received. HUD surveyed three debtors who had previously completed the forms. The answers were consistent in that the forms were easy to read and use, and that the times for completion were about right.
9. There are no payments or gifts to the respondents.
10. The release of information to appropriate Federal, State, or local agencies, and when relevant to civil, criminal, or regulatory investigators and/or prosecutors as well as the penalty for not providing a social security number is covered by the Privacy Act of 1974. Information provided by the lender concerning the delinquent loan is already a matter of record. All forms carry the required Privacy Act notifications.
11. Form HUD-56142 requests debtor's age. Age is an important consideration when determining a debtor's ability to pay, as it can be used to help determine a borrower's potential ability to generate income for debt reduction. Form HUD-92090 requests debtor's bank account information. The banking information is provided voluntarily with the provision that this information will only be used to establish a pre-authorized debit. The form itself contains information about the specific use of the data.

12. Estimated Burden and Costs to Respondents: Respondents include approximately 800 individual debtors and approximately 50 corporate entities. The only difference in information collected from individuals and that collected from corporate borrowers is that individuals file the HUD-56142, and corporations file audited financial statements.

Information Collection	Number of Respondents	Frequency of Response	Responses Per Annum	Burden Hours Per Response	Annual Burden Hours	Hourly Cost	Total Annual Cost
HUD-56142	800	1	800	.42	336	\$15	\$5,040
Authorization for 3 <sup>rd</sup> party representation	850		100	.05	5	\$15	75
Audited financial statements	50	1	50	.03	2	\$15	30
Justification documents: tax returns, evidence of unemployment or disability, bankruptcy discharge, etc.	850	1	850	.50	425	\$15	6,375
HUD-56141	850		300	.08	24	\$15	360
Request for immediate release	850		100	.08	8	\$15	120
HUD-56146	850		550	.16	88	\$15	1,320
HUD-92090	850		40	.16	7	\$15	105
<b>Totals</b>	<b>850</b>		<b>2,790</b>		<b>895</b>		<b>\$13,425</b>

The hourly rate is based on an estimate of average debtor annual salary of \$30,000.

13. There are no additional costs to respondents.

14. Federal Government Costs:

Information Collection	Responses Per Annum	Hours Per Response	Annual Burden Hours	Hourly Cost	Total Annual Cost
HUD-56142	800	.50	425	\$33.00	\$15,036
Audited financial statements	50				
Justification documents: tax returns, evidence of unemployment or disability, bankruptcy discharge, etc.	850				
Authorization for 3 <sup>rd</sup> party representation	100	.25	25	\$33.00	825
HUD-56141	300	.08	24	\$33.00	792
Request for immediate release	100	.25	25	\$33.00	825
HUD-56146	550	.16	88	\$33.00	2,904
HUD-92090	40	.16	7	\$33.00	231
<b>Totals</b>	<b>2,790</b>		<b>594</b>		<b>\$20,613</b>

The hourly rate is based on the annual salary of HUD Debt Servicing Representatives (GS-12).

15. This is a revision of a currently approved collection, to incorporate debtor authorization to speak to a third party, requests for copies of cancelled checks, information submitted to dispute a debt, and verbal agreement confirmation letters. The increase in the number of debtors is the result of including approximately 50 corporate debtors.

16. Data collected will not be published.

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

18. There are no exceptions to the certification statement identified in item 19 of the OMB 83-I.

## B. Collections of Information Employing Statistical Methods

This information collection does not employ statistical methods.