
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
Michael F. Hill, Deputy Assistant Secretary for Operations, HR

Signature of Senior Officer or Designee:

Date:

X
Wayne Eddins, Departmental Reports Management Officer,
Office of the Chief Information Officer

Supporting Statement for Paperwork Reduction Act Submissions

Monthly Accounting Reports OMB Control Number 2502-0108 (Forms HUD-93479, HUD-93480, HUD-93481)

A. Justification

1. Monthly Reports for Establishing Net Income (hereafter) collectively called Monthly Accounting Reports (MAR) provide HUD with financial data necessary to monitor the financial conditions of the project and to review contractual compliance during the selected periods of a project's operation or other information that indicates that the project is experiencing financial or management difficulties. The statutory authority for collection of monthly reports is contained in 24 CFR 200.105, Mortgagor Supervision. The administrative authority for this collection is referenced in HUD Handbook 4370.1, REV-2, Chapter 3-Monthly Accounting Reports. Copies of these authorities are attached along with copies of the HUD forms.
2. HUD Project Managers review the monthly accounting reports to evaluate a project's performance and for monitoring compliance. Similar to the annual review, the monthly review has three purposes:
 - evaluate compliance,
 - identify potential diversions, and,
 - assess project performance.

The review procedures require HUD staff to review individual transactions and to analyze month-to-month trends in cash flow, occupancy, rent collections, and liquidity.

Monthly Accounting Reports are submitted to local HUD offices on the tenth day of each month by owners or management agents of HUD-insured or Secretary-held projects. MARs are required during the following period of a project's operation:

- During the initial rent-up period from the date of initial occupancy through the date of sustaining (95%) occupancy;
- During the term of any project workout, modification agreement of Financial Assistance Contract and;
- Anytime the project is in default under the original terms of the mortgage.

HUD may also require monthly accounting reports if:

- The review of the annual audited financial statement indicates that (1) the project is in poor financial condition; (2) has poor or missing internal controls; or (3) the owner or agent diverted project operating funds; or
- The project develops vacancy problems after initial rent-up or experiences problems in collecting tenant rents. A drop in the percentage of collection indicating management or collection problems that may later be reflected in more serious financial or maintenance problems.

Field Office staff use MARs to assess the need for remedial actions to correct the project deficiencies or head off potential default of the project mortgage. Form HUD-93479 is used to report net income for a specified period, form-93480 reports the owner's schedule of disbursements, and form HUD-93481 reports the owner's schedule of accounts payable. All forms are used to analyze the project's owner's costs and determine financial compliance.

3. Owners and agents may, in some cases, submit automated statements in lieu of the monthly accounting reports. Conditions for approving submissions of automated reports are included in Handbook HUD 4370.1 REV-2 Reviewing Annual and Monthly Financial Reports. Automation of this process is not feasible at this time because the respondent may be required to submit additional information in support of the monthly accounting reports. In addition, original signatures are required from respondents to certify that the information submitted is true and accurate. Benefit cost analysis are underway to determine cost effectiveness, feasibility, and available resources of automating this collection.
4. This information is not collected and/or available from other sources.
5. The impact on small businesses such as accounting firms and Management Agents is necessary to collect and prepare financial data required for the completion of the MARs. Management Agents are responsible for maintaining books and records for audit purposes. An Independent Public Account (IPA) must review financial statements submitted by owners. The IPA will either express an opinion on the accuracy of the financial statements or issue a disclaimer. The burden could be minimized when the continuous review of monthly and annual reports indicate that the project owner/agent has taken the necessary corrective action(s) and the project is no longer experiencing financial or management difficulties.
6. Less frequent data collection would decrease the Department's ability to monitor debt collection on HUD-held projects and would increase the potential for fraud, diversions, defaults, and assignments.
7. **Explain any special circumstances that would cause an information collection to be conducted in a manner:**
 - **requiring respondents to report information to the agency more than quarterly;**
Financial statements are submitted monthly per standard industry custom.
8. This information collection is conducted in a manner consistent with the guidelines of 5 CFR 1320.8(d). The Notice for this collection was announced in the *Federal Register* on ...
9. There will be no payments or gifts to respondents.
10. No assurances of confidentiality are provided.
11. There are no questions of a sensitive nature.

12. The following table is the Estimated Number of Respondents, Responses, and Burden Hours Per Annum

| Form * | Number of Respondents | *Responses | Frequency of Responses per Annum | Total Responses | House Per Annual Response | Annual Burden Hours | **Cost Per Hour | **Total Annual Cost |
|--------------|-----------------------|------------|----------------------------------|-----------------|---------------------------|---------------------|-----------------|---------------------|
| HUD-93479 | 14,758 | 2,952 | 12 | 35,424 | 1.50 | 53,136 | \$18.00 | \$956,448 |
| HUD-93480 | 14,758 | 2,952 | 12 | 35,424 | 1 | 35,424 | \$18.00 | \$637,632 |
| HUD-93481 | 14,758 | 2,952 | 12 | 35,424 | 1 | 35,424 | \$18.00 | \$637,632 |
| Total | 14,758 | | | 35,424 | | 123,984 | | \$2,231,712 |

* This estimate is based on 20% of HUD's Insured and HUD-Held portfolio.

**Estimated hourly costs are based on respondent's staff hours to gather documents and complete the forms.

13. There are no additional capital/startup costs associated with the collection of information.

14. Estimates of annualized cost to the Federal government

| Form * | Number of Respondents | Responses | Frequency of Responses per Annum | Total Responses | Staff Hours Per Response | Total Review Hours | *Cost Per Hour | **Total Annual Cost |
|--------------|-----------------------|-----------|----------------------------------|-----------------|--------------------------|--------------------|----------------|---------------------|
| HUD-93479 | 14,758 | 2,952 | 12 | 35,424 | .25 | 8,856 | \$27.00 | \$239,112 |
| HUD-93480 | 14,758 | 2,952 | 12 | 35,424 | .25 | 8,856 | \$27.00 | \$239,112 |
| HUD-93481 | 14,758 | 2,952 | 12 | 35,424 | .25 | 8,856 | \$27.00 | \$239,112 |
| Total | | | | | | | | \$717,336 |

*Hourly cost based on a GS-12, Project Manager charged with reviewing the monthly accounting reports.

15. This is an extension of a currently approved collection. An adjustment was made to reflect the current number of respondents and responses based on information available in HUD systems.

16. The results of this information will not be published.

17. The expiration date will be displayed on the HUD forms associated with this information collection.

18. There are no exceptions to certification statement in item 19.

B. Collections of Information Employing Statistical Methods

There statistical methods used for collection of this information.