

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: U.S. Department of Housing and Urban Development Office of Housing, Office of Multifamily Housing Programs, Office of Asset Management		2. OMB Control Number: a. b. <input checked="" type="checkbox"/> None 2502	
3. Type of information collection: (check one) a. <input checked="" type="checkbox"/> New Collection b. <input type="checkbox"/> Revision of a currently approved collection c. <input type="checkbox"/> Extension of a currently approved collection d. <input type="checkbox"/> Reinstatement, without change , of previously approved collection for which approval has expired e. <input type="checkbox"/> Reinstatement, with change , 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: Continuation of Interest Reduction Payments after Refinancing Section 236 Projects			
8. Agency form number(s): (if applicable) HUD-93173, HUD-93174, HUD-93175, HUD-93176			
9. Keywords: Housing, Interest, Payments, Decoupling, Refinance			
10. Abstract: Owners of Section 236 projects may submit information to HUD to request continuation of interest reduction payments after refinancing. As part of these refinancing transactions, HUD requires the execution of Interest Reduction Payment Agreements and Use Agreements. HUD uses the information to ensure that projects are maintained as low-income housing resources.			
11. Affected public: (mark primary with "P" and all others that apply with "X") a. Individuals or households e. Farms b. P 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. P Required to obtain or retain benefits c. Mandatory	
13. Annual reporting and recordkeeping hour burden: a. Number of respondents 2,267 b. Total annual responses 113 Percentage of these responses collected electronically 0 c. Total annual hours requested 1,300 d. Current OMB inventory 0 e. Difference (+,-) f. Explanation of difference: 1. Program change: 2. Adjustment:		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 b. Total annual costs (O&M) c. Total annualized cost requested d. Total annual cost requested e. Current OMB inventory 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. P Application for benefits e. Program planning or management b. Program evaluation f. Research c. General purpose statistics g. X 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: Kimberly R. Munson Phone: (202) 708-1320, ext. 5122	

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 E. Winiarski, Deputy Director, Organizational Policy, Planning and Analysis Division, HROA

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

CONTINUATION OF INTEREST REDUCTION PAYMENTS AFTER REFINANCING OF SECTION 236 PROJECTS OMB 2502-NEW

A. Justification

1. Section 532 of the Department of Veterans Affairs and Housing and Urban Development, Independent Agencies Appropriations Act, 2000 (Public Law 106-74, approved October 20, 1999) (“Appropriations Act”) established Section 236(e)(2) of the National Housing Act (NHA), which authorizes the Secretary, under certain terms and conditions, to continue the payment of Interest Reduction Payments (IRP) after the prepayment of a Section 236 mortgage.
2. Owners of Section 236 projects that prepay their mortgages may request continuation of IRP under two separate options, Section 236(e)(2) or Section 236(b). HUD uses the information provided to ensure that owners continue to maintain the projects as low-income housing resources. These agreements will allow HUD to preserve low-incoming housing units. All transactions are subject to the requirements of HUD’s Tenant Participation in Multifamily Housing Project Regulations at 24 CFR Part 245.

Section 236(e)(2)

Under this option, a project owner may prepay a Section 236 mortgage, and HUD may continue the IRP subsidy, provided the owner enters into IRP and Use Agreements that require the continuation of the low-income housing resource for 5 years beyond the new IRP term. Any mortgagee may refinance the project if a public agency agrees to be the oversight entity (i.e., becomes a party to the IRP Agreement) to ensure compliance with the requirements of the IRP Agreement. If no public agency agrees to participate as the oversight entity, then the mortgagee must be a HUD-approved multifamily mortgagee, the refinancing must be through an FHA insured mortgage, and HUD will perform the oversight functions.

Section 236(b)

Under this option, an approved State or local agency Section 236(b) mortgagee must purchase the insured Section 236 mortgage, terminate the FHA insurance, and keep the Section 236 mortgage intact, and the owner must enter into new IRP and Use Agreements to maintain the property as a low-income housing resource. The original Section 236 note and mortgage must remain intact. FHA insurance will be terminated. The original Section 236 mortgage, which may be modified, restated, and enveloped in the closing transaction, must remain identifiable as the basis for the continued IRP assistance.

Application Requirements

Written Proposal. Under Section 236(e)(2), the proposal should be from the mortgagor with a letter of support from the proposed mortgagee. Under Section 236(b), the proposal should be from the public agency that will be acquiring the Section 236 mortgage. The proposal must include a description of the project, the proposed owner, the number of units, and the types of rent assistance; financial information, including a sources and uses statement and 5-year financial projections; physical improvements; and any other type of assistance.

Opinion of Counsel. Counsel must opine that all parties to the documents and all persons executing the documents on behalf of the parties are authorized to enter into and execute the documents; and that each document constitutes a valid and legally enforceable agreement or contract.

Notice to Tenants and Review of Tenant Comments. Owner must provide a narrative of how tenants were informed of the proposal, a summary of tenant comments, and a discussion of how tenants will be protected from any rent increase due to the transaction.

Methodology for Establishing Basic and Market Rent. The application must include a discussion of how market rate rents were established, using either the budget-based rent increase procedure or the mark-to-market method.

Interest Reduction Payment Agreement. The IRP Agreement establishes the terms and conditions under which HUD shall continue to make interest reduction payments to the owner. There are two types of IRP Agreements: one for Section 236(e)(2) and one for Section 236(b).

Use Agreement. In this agreement, the owner agrees to maintain the property as low-income housing. There are two types of Use Agreements: one for Section 236(e)(2) and one for Section 236(b).

Section 8 HAP Contract Renewal Repair Schedule. In addition to the general requirements for Housing Assistance Payments (HAP) Contract renewals, the renewal HAP Contract for a project that must complete repairs under the transaction must have a specific condition which will require the completion of repairs within a time frame agreed to by HUD and the owner. Failure to complete repairs within the time frame may cause the stoppage of Section 8 payments until the repairs have been completed. The public agency, if any, will be responsible for monitoring repairs and reporting any delays in the repair schedule to HUD.

Change of Section 8 Contract Administrator and Annual Contributions Contract Administrative Fee: If the proposal requests that the public agency become the HAP Contract Administrator for a project where HUD is currently the contract administrator, the Multifamily Hub director must determine that the public agency has the capacity and experience to be the contract administrator through the use of an Annual Contributions Contract (ACC). The ACC must be prepared and executed between HUD and the public agency. The fees for the ACC service must be covered by existing Section 8 contract authority, (see 24 CFR 880.505(c)(3)).

3. Automation of this information collection is not feasible because these agreements must be executed by the new mortgagee or public entity, the owner, and then submitted to HUD Headquarters for HUD execution.
4. There is no duplication of other sources for this information.
5. The collection of information may involve small businesses; however the burden for collecting this information is minimal and the information collected is the least amount required.
6. HUD would risk improper payment of IRP assistance and the inability to preserve low-income housing resources if these binding commitments were not collected.
7. There are no special circumstances for respondents.
8. Information collected is conducted in a manner consistent with the guidelines of 5 CFR 1320.8 (d). The Notice announcing this collection of information appeared in the Federal Register on September 5, 2007 Vol. 72, No. 171) pages 50973-50974. There were no comments.
9. There are IRP payments to respondents pursuant to the approval of the transaction. There are no gifts to respondents.
10. No assurance of confidentiality, statute, regulation, or agency policy is provided.
11. There are no questions of a sensitive nature.

12. Annual Burden Estimate:

Information Collection	*Number of Respondents	Frequency of Response	**Total Annual Responses	Burden Hours per Response	Total Annual Burden Hrs	***Hourly Cost	Total Annual Cost
*Current Number of Section 236 Projects - 2267							
Opinion of Counsel	2,267	1	113	1.00	113	\$20	\$2,260
Notice to Tenants	2,267	1	113	1.00	113	\$20	\$2,260
Review of Tenant Comments	2,267	1	113	2.00	226	\$20	\$4,520
Written Proposal to Refinance Section 236 Mortgage	2,267	1	113	4.00	452	\$20	\$9,040
Methodology for Establishing Basic and Market Rent	2,267	1	113	1.00	113	\$20	\$2,260
Execution of the Interest Reduction Payment Agreement	2,267	1	113	0.50	56.50	\$20	\$1,130
Execution of the Use Agreement	2,267	1	113	0.50	56.50	\$20	\$1,130
Section 8 HAP Contract Renewal Repair Schedule	2,267	1	113	1.00	113	\$20	\$2,260
Execution of the Annual Contributions Contract (ACC) (if applicable)	2,267	1	113	0.50	56.50	\$20	\$1,130
Totals	2,267		113		1,300		\$25,990

*Number of respondents is based on the current number of Section 236 projects in HUD systems.

**Number of response is based on an estimate of 5% of the Section 236 owners per year that may refinance and continue to receive the IRP assistance.

***Hourly cost estimates are based on the owner, owner’s staff , or public agency’s staff to develop, review, execute, and/or submit the documentation to HUD.

13. There are no additional costs to respondents.

14. Annual Cost to the Federal Government:

Information Collection	Number of Responses	Hours per Response	Total Annual Hours	*Hourly Cost	Total Annual Cost
Review of all documents	113	2	226	\$28.00	\$6,328

*Estimated hourly cost is based on the annual salary of a GS-12, Project Manager for reviewing the information.

15. This is a new collection; therefore, there are no program changes or adjustments.

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

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

18. No exceptions to the certification statement identified in Item #19 on form OMB 83-I, “Certification for Paperwork Reduction Act Submissions.”

B. Collections of Information Employing Statistical Methods

This information collection does not employ statistical methods.