
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

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 Submission

A. Justification

1. This information collection is used by HUD, Mortgagees, and Contract Administrators (CAs) to evaluate the quality of project management; determine the causes of project problems; devise corrective actions to stabilize projects and prevent defaults; and to ensure that fraud, waste and mismanagement do not exist. The information collected also supports enforcement actions when owners fail to implement corrective actions. The term Contract Administrators includes Performance-Based Contract Administrators and Traditional Contract Administrators.

Regulatory Authority

24 CFR 207.19(f)(4) The mortgagor, its property, equipment buildings, plans, offices, apparatus, devices, books contracts, records, documents, and papers shall be subject to inspection and examination by the Commissioner or it's duly authorized agent at all reasonable times.

24 CFR 207.19(f)(5)(iv) Specific answers to questions upon which information is desired from time to time relative to the actual cost of construction, the disposition of mortgage funds, the operation and condition of the property and the status of the insured mortgage

24 CFR 880.612, states that “. . . the contract administrator will inspect the project and review its operation at least annually”

24 CFR 884.224 and 24 CFR 886.130 both provide that “. . . HUD will review project operations at such intervals as it deems necessary”

24 CFR 891.450 states that “HUD shall conduct periodic on-site management reviews”

The Regulatory Agreement states:

“...Owners shall maintain the mortgaged premises, accommodations and the grounds and equipment appurtenant thereto, in good repair and condition. In the event all or any of the buildings covered by the mortgage shall be destroyed or damaged by fire or other casualty, the money derived from any insurance on the property shall be applied in accordance with the terms of the mortgage....”

“...The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by the Secretary or his duly authorized agents. Owners shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Secretary or his duly authorized agents....”

“...At request of the Secretary, his agents, employees, or attorneys, the Owners shall furnish monthly occupancy reports and shall give specific answers to questions upon which information is desired from time to time relative to income, assets, liabilities, contracts, operation, and condition of the property ad the status of the insured mortgage....”

“...Owners will comply with the provisions of any Federal, State, or local law prohibiting discrimination in housing on the grounds of race, color, religion or creed, sex, or national origin, including Title VIII of the Civil Rights Act of 1968 (Public Law 90-284; 82 Stat. 73), as amended, Executive Order 11063, and all requirements imposed by or pursuant to the regulations of the Department of Housing and Urban Development

implementing these authorities (including 24 CFR Parts 100, 107 and 110, and Subparts I and M of Part 200)”

Administrative Requirements

HUD Handbook 4350.1, REV-1, Chapter 6, provides guidance and procedures for conducting and evaluating on-site management reviews.

HUD Handbook 4566.2, Chapter 6 governs the mortgagee on-site management review responsibilities.

2. The form HUD-9834 will be collected by the reviewer (HUD staff, Mortgagees, and CAs depending on the type of review) to gather and record information during on-site reviews of project operations. HUD staff and Mortgagees collect information from portions of the form for unsubsidized projects. CAs collect information using the entire form except where noted “This section applies only to HUD Staff/Mortgagees.”

The form HUD-9834 provides a checklist of items to be reviewed and owners/agents are evaluated in the following areas:

- General Appearance and Security;
- Follow-up and Monitoring of Inspections;
- Maintenance and Standard Operating Procedures;
- Financial Management/Procurement;
- Leasing and Occupancy;
- Tenant Services; and,
- General Management Practices.

The desk review information is collected prior to the on-site review using HUD systems and project file information. The desk review is used to reduce public reporting burden and prepare the reviewer for conducting the on-site review.

The Reviewer conducts the on-site review while program participants, i.e., resident managers, management agent representatives and/or project owners, are required to provide the information used by HUD to assess management operations.

Upon completion of the on-site review, the reviewer is required to complete the HUD-9834, Management Review Summary Report - Findings portion, which is used to:

- Summarize the information gathered on the questionnaire;
- Assign an evaluation rating for each of the 6 areas of project management listed above;
- Formulate an overall rating;
- Report specific problems, and
- Describe required corrective actions and target completion dates.

The reviewer will mail the HUD-9834, Management Review Summary Report and findings to the owner/agent.

3. Currently, there are no plans to automate this process as it requires the Reviewers to conduct on-site reviews of project policies, manuals, written procedures, and a sample of units and project facilities. At this time, automating this process is not feasible as it will not allow HUD staff to adequately conduct on-site management reviews of the management and project operations to ensure compliance with HUD regulations and guidelines as required.

4. There is no duplication of the information collected.
5. Owners and Management Agents of insured and HUD-held projects could include small businesses and other small entities; however this collection does not pose an additional burden.
6. HUD collects this information to determine the causes of management problems and to design corrective actions to stabilize projects and prevent mortgage defaults. If this information were not collected or collected less frequently, there would pose a significant risk of defaults on insured loans and consequently greater losses to HUD's insurance fund. Additionally, HUD could not ensure that tenants were provided with decent, safe, and sanitary housing.
7. There are no special circumstances involved in this collection.
8. Information collected is conducted in a manner consistent with the guidelines of 5 CFR 1320.6. The Notice announcing this collection of information appeared in the *Federal Register* on July 9, 2008, Vol. 73, No. 132, Page 39330. Two comments were received. HUD is in the process of preparing a response to the comments received.
9. There will be no gifts or payments given to respondents.
10. No assurance of confidentiality is provided.
11. This collection does not contain questions of a sensitive nature.
12. Estimated Burden Hours and Cost to Respondents

Form HUD-9834	*Number of Respondents	Frequency of Response	Total Responses	Hours per Response	Total Hours	**Cost per Hour	Total Cost
1. Owners/Agents	25,453	1	25,453	8	203,624	\$15.00	\$3,054,360
2. Mortgagees of Co-Insured Loans	36	1	36	8	288	\$20.00	\$5,760
3. Contract Administrators	160	1	160	*5	800	\$18.00	\$1,440,000
Total	25,649		25,649		204,712		\$3,074,520

* CAs collect information using the entire form except where noted "This section applies only to HUD Staff/Mortgagees."

Item 1 –

- Number of owners/agents is based on data obtained from HUD systems.
- Hourly cost for owners/agents is based on data obtained from www.payscale.com for the owner or owner's staff to gather and provide the necessary information. Note that the cost per hour may vary depending on locality.

Item 2 –

- Number of Mortgagees is based on data obtained from HUD systems. The cost per hour could vary, based on the locality of the project.
- Hourly cost is based on data obtained from www.payscale.com. The cost per hour could vary, based on the locality of the project.

Item 3 -

- Estimated number of Contract Administrators is 160 (53 Performance-Based Contract Administrators and 107 Traditional Contract Administrators).
- Total number of responses is based on annual on-site reviews performed by CAs, which normally ranges from 15,000 – 17,000 per year and is also represented in the total responses identified in Item 1.
- The frequency of reviews is estimated at one per year per project based on the CA portfolio. The number of reviews performed by CAs is not constant and could change due to reasons beyond HUD’s control (e.g., Owners may opt-out of the contract).
- Estimated hourly cost for Contract Administrators is based on data obtained from www.payscale.com. The cost per hour could vary, based on the locality of the project.

CAs are responsible for additional administrative costs (i.e., copying the report, postage for mailing the report the report, etc.) related to property reviews that are issued a rating of Below Average or Unsatisfactory. Based on current data, it is estimated that CAs would incur these expenses for approximately 2% of the portfolio. HUD’s annual estimate for this additional administrative burden is 320 properties (2% of 16,000 = 320). Additionally, the annual estimated cost for this task is \$320.00, based on the number of properties (320) times the estimated cost per report (\$1.00 to cover the costs of copying the report and the current postage rate of \$0.42)

13. There are no additional capital or start-up costs. There are not total operation and maintenance purchase of services components required for collecting this information.

14. Estimates of annualized costs to the Federal Government

Information Collected by	*Number of Respondents	Staff Hours per Response	Total Annual Burden Hours	**Cost per Hour	Total Annual Cost
HUD staff	9,489	8	75,912	\$28.00	\$2,125,536

*The estimated number of respondents is based on the number of insured projects in HUD systems that are reviewed by HUD staff and must comply with the on-site management review requirements.

**The hourly cost for HUD staff is based on the hourly pay from www.opm.gov for a GS-12 to conduct the on-site review.

15. There are no program changes; however adjustments were made based on the current estimated number of projects in HUD systems required to respond to on-site management reviews and listing the burden for the contract administrators separately.

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

17. HUD is not seeking approval not to display the expiration date for OMB approval of the information collection.

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

B. Collections of Information Employing Statistical Methods

There are no statistical methods used in this collection.