

Supporting Statement for Paperwork Reduction Act Submissions

Application and Re-certification Packages for Approval of Nonprofit Organizations In FHA Activities OMB Control Number 2502-0540

A. Justification

1. Sections 203(g)(2), 221(h), and 235(j) of the National Housing Act (12 U.S.C. 1708) permits private nonprofit organizations and public entities to act as mortgagors through use of FHA insured mortgage programs to purchase and rehabilitate housing for subsequent resale. HUD's regulations in 24 CFR 200.194 establish eligibility requirements for nonprofit organizations and government entities that seek to participate in certain HUD programs acting as a mortgagor; purchasing HUD's Real Estate Owned (REO) Properties (HUD Homes) at a discount; providing secondary financing; and imposing legal restrictions on conveyance as part of affordable housing programs. HUD has issued policies based on specific requirements of nonprofits that participate in FHA discount sales, down payment assistance and mortgage insurance programs. Procedures for removal of nonprofits with the ability to participate in these programs are codified at 24 CFR 200.195.
2. Nonprofit organizations seeking HUD approval to participate in certain specified Federal Housing Administration (FHA) single family activities submit financial and management information to HUD. HUD staff uses the information to assess the management and financial capability of the nonprofit to carry out its mission relative to the HUD programs in which it seeks to participate. The information also assists HUD staff to detect any conflicts of interest or activities that may not be permissible. Annual activity reports are required to assure compliance and monitor activity to keep the risk to the Federal government at a minimum. The collection of information assists HUD to reduce its own risk as well as protect homebuyers from fraudulent activities that occurred prior to this collection activity. Nonprofit organizations are reevaluated every two years to assure they have performed according to plan and to provide HUD with any information on changes that may impact the nonprofit's performance.
3. Currently, the information is collected electronically. HUD has developed a web-based program management system to facilitate an automated collection of this information. The system is currently being used by HUD management, line staff and nonprofit participants. This Nonprofit Data Management System is an automated web-based program management tool designed to assist HUD staff with the daily oversight and administration of Single Family's Nonprofit Program activities. This tool allows for on-line reporting and enables potential participants to submit an application for approval or recertification.
4. This information is not collected elsewhere. HUD makes every effort to assure no duplication of information is required.
5. The collection of this information may impact small nonprofit organizations seeking approval to participate in FHA programs. However, the required information is, for the most part, standard and already available in the nonprofit organizations' places of business and may include articles of organization, letters of determination, resolutions, and/or legal documents. Reapplication packages require complete information, but the burden of effort to the organization will become limited to updating the original and any notification of changes pending the release of the Mortgagee Letter to streamline reports. Reports are done in a standard format and are routinely maintained by the organization as a normal function of doing business.

6. Ascertaining the legal eligibility, financial capacity, and experience in housing activities of nonprofit organizations is necessary to comply with the requirements of the National Housing Act, and to assess the organization's ability to participate as a mortgagor in FHA programs. Sound underwriting practices require that HUD evaluate a mortgagor's ability to make mortgage payments on insured properties to minimize risk of monetary loss. HUD also bears the responsibility to assure that homebuyers who purchase homes from nonprofits that participate in the discount sales and other programs receive the benefits derived from those programs. This collection provides the means to meet that obligation.
7. There are no special circumstances involved in this collection.
8. In accordance with 5 CFR 1320.8(d), this information collection soliciting public comments was announced in the *Federal Register* on February 25, 2010 (Volume 75, Number 37, Pages 8729-8730). No comments were received.

Comments were solicited from senior staff in each HUD Home Ownership Center (HOC) who reviews the documents on a regular basis. Comments reveal the following.

Availability of data All data requested is readily available; nonprofit applicants and program participants already submit required information. The new format wouldn't place a burden on the applicant/participant.

Frequency of collection: The Atlanta HOC suggests that Annual Report information is collected 60 days after the completion of the resale. This allows for information to be reviewed on a frequent basis and allows for regular program monitoring in an effort to reduce risk to the Department. Frequent reporting allows for HUD to program participants' potential for noncompliance prior to their occurrence and allows for staff to provide more frequent technical assistance. The web-based automated system (NPDMS) now in effect will allow for the nonprofit organization to input their required data into the NPDMS no later than 60 days after the resale of the property. Also, annual reporting for the Down Payment Assistance Program is suggested from the HOCs and will be included in the upcoming Mortgagee Letter on streamlining the Nonprofit Approval and Recertification process.

The format for recordkeeping disclosure, or reporting: The 4 HOCs consulted last year with a proposed format for record-keeping. A draft Mortgagee Letter was reviewed but hasn't been published. Headquarters is working to get the referenced Mortgagee Letter published.

The data elements to be collected: Mortgage Letters 02-01, Attachments 1 and 2 and Attachment 4: Reporting Requirements, and ML 00-08, Attachment 5 sufficiently captures information required for HUD Homes participants. The 4 HOCs did consult and recommend a reporting format for Down Payment Assistance program participants last year. That ML has not been published. Headquarters is working to get the referenced Mortgagee Letter published.

9. There are no payments or gifts to respondents with respect to this collection.
10. Since social security numbers are required, HUD addresses the issue of confidentiality in two formats (1) within the text of Mortgagee Letter 2002-01 the agency explains to respondents the purpose for which social security numbers will be used and assures respondents that SSNs will be kept confidential; and (2) HUD added a statement to the attachment to comply with the requirements of the Privacy Act of 1974.
11. No sensitive information is required as part of this collection.
12. Estimate of public burden. Total number of respondents consists of 100 new applicants and 255 yearly agency re-certifications

Description of Info. Collection	Number of Respondents	Frequency of Response	Total Annual Responses	Hours per Response	Total Hours	Hourly Rate	Total Annual Cost
Application	100	1	100	24	2,400	\$25	\$60,000
Affordable Hsg Program	100	1	100	12	1,200	\$25	30,000
Agency Reporting	255	1	255	4	1,020	\$25	25,500
Agency Recertification	255	1	255	16	4,080	\$25	102,000

Credit Evaluation of Nonprofit	255	4	1,020	3	3,060	\$25	76,500
Totals	355		1,730		11,760		\$294,000

The hourly rate is based on an estimated average annual salary of \$50,000 nonprofit personnel.

Most of the information required under this information collection is maintained by the affected organizations in the normal course of business. Recordkeeping is considered a normal part of the participant's business. The recordkeeping requirement is information HUD expects to view when its staff conducts a review, and HUD ascribes no burden to recordkeeping requirements.

13. There are no additional costs to respondents or recordkeepers.
14. Estimated annualized costs to the Federal government include staff time needed to coordinate the review and approval of applications, and to monitor housing related activities of participating nonprofit organizations.

Description of Info. Collection	Total Annual Responses	Hours per Response	Total Hours	Hourly Rate	Total Annual Cost
Application	100	12	1,200	\$27	\$64,800
Affordable Hsg Program	100	6	600	\$27	32,400
Agency Reporting	255	2	510	\$27	13,770
Agency Recertification	255	8	2,040	\$27	55,080
Credit Evaluation of Nonprofit	1,020	2	2,040	\$27	55,080
Totals	1,730		6,390		\$221,130

The hourly rate is a blended rate based on the estimated average annual salaries of both administrative and professional personnel.

15. This is an extension of a currently approved collection. There are no Program adjustments. HUD has established a better methodology for identifying and documenting the burden of program reporting requirements. As an outcome, this new process has yielded more real time data.
16. There is no anticipated publication of the information gathered through this collection.
17. HUD is not requesting approval to avoid displaying the 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 collection of information does not employ statistical methods.