

Supporting Statement for Paperwork Reduction Act Submissions

A. Justification

1. The regulations governing the Previous Participation Certification (HUD-2530) review and clearance procedures are set forth at 24 CFR 200.210 - 200.245, 24 CFR 200.300, and 24 CFR 200.400 – 200.430. Copies of these authorities are attached. The HUD-2530 form is used to protect HUD's Multifamily Housing programs by comprehensively assessing industry participants. The information on this form needs to be collected by the Department in order to evaluate participants' performance and compliance with contracts, regulations, and directives. The information from this form is used to determine if their participation poses a significant risk to the Department. It is the Department's policy that participants in its housing programs honor their legal, financial, and contractual obligations. Accordingly, uniform standards are established for approvals, disapprovals, or withholding actions on principals in projects based upon their past performances as well as other aspects of their records. Respondents such as owners, managers, consultants, general contractors, and nursing home operators and administrators will be subject to review.
2. HUD multifamily housing projects usually involve millions of federal government dollars that has been obligated in subsidized mortgages, rents, grants, construction contracts, and loans. Accordingly, principals are evaluated through the HUD-2530 process in order to protect the public interest and minimize risk. The HUD-2530 process extends to individuals or entities participating in the ownership and/or management of projects. As a result of their decision making abilities, the individuals and entities have a direct impact on a project's viability. As an insurer, the Department can apply the HUD-2530 process to any management official. Additionally, the Department reviews the information provided by participants to ensure federal monies will be handled by individuals/entities with a history and track record of compliance.

Applicants must file a form HUD-2530 upon initial participation for HUD's multifamily programs or when notifying HUD of a proposed substitution or addition of a principal. The form HUD-2530 must also be filed when or if there are changes in roles or proposed participation in a different capacity from what has been previously approved. If one or more of these actions occur within a quarterly period, semi-annually period, or annually period, the respondent is required to submit the form HUD-2530 for approval. Respondents can include owners, managers, consultants, general contractors, and nursing home operators and administrators.

The HUD-2530 process provides review and clearance for participants in HUD's multifamily insured and non-insured projects. The information collected (participants' previous participation record) is reviewed to determine if they have carried out their past financial, legal, and administrative obligations in a satisfactory and timely manner. The HUD-2530 process requires a principal to certify to their prior participation in multifamily projects, and to disclose other information which could affect the approval for the proposed participation.

3. The collection of this information has been automated through Active Partners Participation System ("APPS"). Participants were notified through publications in the Federal Register and other HUD directives that the Department was phasing out the paper HUD-2530 form. In June 2006, the Department no longer accepted the HUD 2530 paper form and all industry participants were required to use APPS to submit previous participation information. However in July 2007, industry participants lobbied congress and successfully resurrected the paper HUD-2530 form as an alternative to APPS when providing previous participation certification.
4. No duplication exists.
5. This collection will not have a significant economic impact on small businesses or entities.

6. The information collected by the Form HUD-2530 is the minimum needed to achieve program objectives. The information collected and the frequency with which it is collected is necessary for the Department to manage the risk to the mortgage insurance fund.
7. The frequency of which information is collected is dictated by program requirements. Participants in HUD’s Multifamily Housing Programs are required to disclose certain information for various transactions as indicated in HUD Handbook 4065.1 REV, 1-3, therefore, this information cannot be collected less frequently.

The frequency of this reporting varies. Applicants must file a HUD-2530 upon initial participation for HUD’s Multifamily programs, when notifying HUD of a proposed substitution or addition of a principal, and/or if there are changes in roles or proposed participation in a different capacity from that previously approved. If one of these actions occurs within a quarterly period, semi-annual period, or annual period the respondent is required to submit the HUD-2530 for approval.

HUD-2530 requires respondents to list previous participation in HUD programs for all projects for the last 10 years. In order to comply with HUD-2530 instructions, the respondent may need to retain these records for more than three years.

8. Information collected is conducted in a manner consistent with the guidelines of 5 CFR 1320.6. Contacted Denise Murphy of Murphy Consulting Services, Judy Huynh of Key Bank and Rosemarie Harris of AIMCO to obtain their views on information collection using HUD form 2530. The questions asked included how many 2530s they submit; what percentage is paper and what percentage is electronic; how easy it is to get data for preparing 2530; how often they update the previous participation record and are the instructions for submitting 2530 clear. The participants stated that collecting data for 2530 preparation is hard and maintaining records are difficult. They also indicated that the instructions for completing 2530 are not very clear. HUD has modified the instructions, edited the certification and 2530 form for clarity. Federal Register on Monday, June 18, 2012 (Volume 77, Number 117, Page 36286) No comments.
9. There will be no gifts or payments given to respondents.
10. Assurance of confidentiality is provided by respondents under the Privacy Act of 1974. In addition, a Privacy Act Statement is included on the HUD-2530.
11. No questions of a sensitive nature are part of the HUD-2530 application procedures.
12. Annual Burden Estimate:

Information Collection	Number of Respondents	Frequency of Response	Total Annual Responses	Burden Hours per Response	Total Annual Burden	Hourly Cost	Total Annual Cost
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					Hrs		
Previous Participation Certification							
1. HUD-2530 (Paper)	5,000	1	5,000	1	5,000	\$20	\$100,000
2. HUD-2530 (Electronic)	5,000	1	5,000	0.5	2,500	\$20	\$50,000
TOTAL	10,000		10,000		7,500		\$150,000

All Items:

- Number of estimated respondents based on information in HUD systems. Burden hours were estimated from information obtained from respondents who submit 2530.
- Hourly cost is based on hourly salary of a paralegal obtained from an employer. The cost per hour could vary, based on the locality of the project.

Item 1

- Number of estimated total annual responses based on owner/agent submissions using the paper form HUD-2530 tracked through HUD systems.

Item 2

- Number of estimated total annual responses based on owner/agent electronic submissions of HUD-2530 tracked through APPS.

13. The estimate of the total annual cost burden to respondents does not vary from the numbers presented in item #12.

14. Annual Cost to the Federal Government:

Information Collection	Number of Responses	Hours per Response	Total Annual Hours	Hourly Cost	Total Annual Cost
HUD-2530	7,500	1	7,500	\$29	\$217,500
Review of other documentation	7,500	1	7,500	\$29	\$217,500
Totals	7,500	1	15,000	\$29	\$435,000

*Estimated annual cost to the Federal Government assuming that a GS-12 Project Manager to review the information.

15. This is a revision of a currently approved collection. The 2417 hr. reduction in annual hour burden compared to current OMB inventory is because of the reduction in the number of total responses received and an increase in the number of electronic submissions that takes less time to prepare. An \$87912 increase in cost to federal government is due to the increase in the hours for review of responses and increase in the salary of a GS 12 employee.

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

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 of the OMB 83-I.

PART B. Collections of Information Employing Statistical Methods

There are no statistical methods used in this collection.