

Supporting Statement for Paperwork Reduction Act Submissions
OMB - 2502-0275

A. Justification

1. **Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

The Department of Housing and Urban Development (HUD) has both the authority and the duty to closely monitor the operation of the properties encumbered by mortgages insured or held by HUD. When the sale and conveyance by deed of title to an insured mortgage necessitates a substitution of mortgagors, HUD approval of the substitution is required. The duty to perform this function stems from HUD's responsibility to the taxpayers to guard the insurance fund, which includes anticipating and identify problems (e.g., physical, financial, managerial, legal) with a project prior to a potential delinquency and ultimately assignment of the mortgage.

The authority for this function can be found in 12 USC 1701z-11, Management and disposition of multifamily housing projects, HUD's regulations at 24 CFR Part 200, and in the Regulatory Agreements between the HUD and the mortgagor of the multifamily housing property.

2. **Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

A transfer of physical assets is a significant event in the life of a HUD multifamily project and of the mortgage encumbering the project. The transfer of physical assets application and supporting documentation provide the Department with a vehicle for reviewing all aspects of transfers of physical assets in an orderly efficient manner prior to the point at which they become effective. Therefore, HUD must be intricately involved at the time of the transfer to ensure that:

- the applicant purchaser is acceptable to own and operate a project encumbered by a HUD-insured or HUD-held mortgage;
- the project is not placed in physical, financial or managerial jeopardy by the transfer;
- the changes effected at the project as a result of the transfer are not contrary to the interest of HUD and the tenants;
- the legal and operational terms of the transfer are not in violation of the statutes, regulations, HUD policies and binding legal contracts applicable to the particular project;
- the project is the recipient of its fair share of any money changing hands in consideration of the transfer;
- the project and HUD are not exploited during the vulnerable period of transfer.
- The terms and conditions of the transaction are not in violation of applicable statutes, regulations, and published HUD policy; and,
- The physical and financial needs of the project are adequately addressed to minimize the risk of subsequent physical deterioration and financial damage at the project.

In order to ensure that HUD's interest is adequately protected, HUD staff must review and approve the new owners and management agents and must have an opportunity to review and approve the terms and conditions of proposed transfers prior to implementation. HUD reviews each transfer of physical assets proposal for legal and administrative sufficiency. Consequently, the documents and information required for submission are both a legal and administrative nature. The administrative information collection pursuant to HUD-92266 Application for Transfer of Physical Assets provides HUD with an insight into the purchaser (e.g., Purchaser Resume) and his ability to own and operate the project (e.g., HUD-2530, (2502-0118) and Personal Financial Statements). The purchaser's resume is particularly useful and provides HUD with information concerning the purchaser experience and effectiveness in other real estate ventures. For example, if the resume of a prospective purchaser of a troubled project indicates inexperience with troubled assets, the HUD TPA review may conclude that the potential purchaser should utilize a management agent with experienced working with troubled projects.

The administrative information required is also essential in describing to HUD the purchaser's plans for the project (e.g., purchaser's letter, pro forma balance sheet, MIO Plan, management agreement.) The administrative information is useful to HUD in assessing the acceptability of a transfer proposal, which provides HUD with the tool to assess whether or not a project will be exploited by the transfer (e.g., sources and application of funds, affidavit, interim financial statements.) Additionally, the TPA includes a comparison and analysis of the interim financial statement and a pro forma balance sheet, which can reveal unauthorized, illegal, or excessive drains on the project accounts.

3. Describe whether, and to what extent the collections of information involves the use of automated, electronic, mechanical, or other the technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also, describe any consideration of using information technology to reduce burden.

This collection will not be automated due to the collection of documents necessary for this submission. The transfer of physical assets process requires submitting several documents to HUD in support of the transaction including, but not limited to, the purchaser's letter, purchaser's certificate of previous participation (HUD-2530), purchaser's resume, sources and uses of funds, executed but unrecorded sale contract, option contract or land contract, unaudited financial statement, title report, etc. In addition, HUD previously reported that 10% of this transaction was automated based on the HUD-2530 requirement, which was mandated as a 100% electronic submission process through the Active Partners Performance System (APPS). In July 2007, the requirement to submit HUD-2530s electronically was retracted and now allows HUD's industry partners to submit using APPS or manually using the HUD-2530 form. This change resulted from industry concerns that were elevated to Congress and as a result, HUD's 100% electronic submission requirement for HUD-2530s was overturned.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

Currently, there are no similar collection efforts, therefore this collection does not duplicate other currently approved efforts.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB form 83-I) describe any methods used to minimize burden.

The collection of this information does not impact small businesses or other small entities.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

If this information were collected less frequently, HUD would fail to closely monitor the operation of its multifamily housing portfolio resulting in a significant risk to the FHA insurance fund.

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;**

There is no requirement for respondents to report the information more than quarterly.

- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**

There is no requirement for respondents to prepare a written response to a collection in fewer than 30 days.

- **requiring respondents to submit more than an original and two copies of any document;**

There is no requirement requiring respondents to submit more than an original and two copies of any document.

- **requiring respondents to retain records other than health, medical, government contract, grant-in-aid, or tax records for more than three years;**

There is no requirement for respondents to retain records other than health, medical, government contract, grant-in-aid, or tax records for more than three years.

- **in connection with a statistical survey, that is not designed to produce valid and reliable results than can be generalized to the universe of study;**

This collection is not produced in connection with a statistical survey.

- **requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**

There is no use of a statistical data classification.

- **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**

There is no pledge of confidentiality that is not supported by authority established in statute or regulation.

- **requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

There is no requirement for respondents to submit proprietary trade secret or other confidential information.

8. **If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.**

- **Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping disclosure, or reporting format (if any) and the data elements to be recorded, disclosed, or reported.**
- **Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every three years – even if the collection of information activity is the same as in prior periods. There may be circumstances that preclude consultation in a specific situation. These circumstances should be explained.**

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 Monday, September 17, 2012 (Vol 77, No. 180, page 57105). In the past three years, HUD has received no complaints, or requests for modification of the form HUD-92266, which functions essentially as a certification and application cover sheet explaining relevant documentation necessary to accompany the application form. Three developers who would be respondents were contacted in the course of preparing this form OMB 83i. The Bozzuto Group, HHHunt, and Blue Ridge Development offered. No Comments.

9. **Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.**

There will be no gifts or payments given to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation or agency policy.

The Department does not assure confidentiality to respondents. However, respondents are covered by the Privacy Act of 1974.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

There are no sensitive questions involved in this collection.

12. Provide estimates of the hour burden of the collection of information. The statement should:

- **indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated burden hours, and explain the reasons for the variance. Generally estimates should not include burden hours for customary and usual business practices;**
- **if this request covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of form OMB 83-I; and**
- **provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 14.**

Estimated Annual Cost to Respondents:

Executed Seller/Purchaser Affidavit	14,445
Unrecorded Executed Regulatory Agreement	14,445
Unrecorded Executed Modification Agreement	14,445

Attorney's Certification	14,445
Byrd Amendment Certification	14,445
Purchaser's Personal Financial and Credit Statement (HUD-92417)	14,445
HAP Assignment (if applicable)	14,445

¹ Number of respondents is based on the current inventory of projects that are HUD-insured and HUD-Held. The number of annual responses is based on an estimate of 2% of potential transfer of physical assets applications received on an annual basis.

² Hourly cost is based on an estimate of the potential owner's staff to gather, complete, and submit the required documents to HUD for review and approval. Hourly estimated costs estimate obtained from payscale.com.

13. There are no additional capital or start-up costs.

14. **Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.**

Estimated cost to the Federal Government

¹ Estimated cost review and collection. www.opm.gov rates.

Number of Respondents	Number of Responses	Staff Hours Per Response	Total Annual Burden Hour
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per hour for HUD staff (GS-12) to process the documents for this Data was obtained from for the 2012 general scale/hourly

15. **Explain the reasons of any program changes or adjustments reported in Items 13 and 14 of the OMB form 83-I.**

Adjustments were made from the last submission based on current data in HUD systems for HUD insured and HUD-held mortgages. In addition, data was obtained from payscale.com to include an average hourly rate for a Property Manager.

16. **For collection of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.**

Collection of this information will not be published.

17. **If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

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

18. **Explain each exception to the certification statement identified in item 19 of the OMB 83-I.**

There are no exceptions to the certification statement identified in Item #19 on form OMB 83-I, "Certification for Paperwork Reduction Act Submissions."

B. There are no statistical methods used in this collection.