Supporting Statement for Paperwork Reduction Act Submissions

Housing Counseling Program OMB No. 2502-0574 (HUD-9910)

A. Justification:

1. The Office of Housing Counseling is responsible for administration of the Department's Housing Counseling Program, authorized by Section 106 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701w and 1701x). The Housing Counseling Program supports the delivery of a wide variety of housing counseling services to homebuyers, homeowners, low- to moderate—income renters and the homeless. The primary objectives of the program are to expand homeownership opportunities, preserve homeownership and improve access to affordable housing. These services are provided by non-profit and government organizations. The housing counselors provide guidance and advice to help families and individuals improve their housing conditions and meet the responsibilities of tenancy and homeownership. Counselors also help borrowers avoid predatory lending practices, such as inflated appraisals, unreasonably high interest rates/mortgages, unaffordable repayment terms and other conditions that can result in a loss of equity, increased debt, default and foreclosure.

To participate in HUD's Housing Counseling program, a housing counseling agency must be approved by HUD (2502-0573), or designated as a subgrantee or affiliate of a HUD-approved intermediary, multi-state organization, or a state housing finance agency. Approval entails meeting various requirements relating to experience and capacity, including nonprofit status, a minimum of one year of housing counseling experience in the target community and sufficient resources to implement a housing counseling plan. In order to maintain approval status housing counseling agencies must remain in compliance with program policies and regulations.

 HUD participating agencies are non-profit and government organizations that provide housing services. HUD staff perform on-site, or desk/remote monitoring of agencies participating in HUD's Housing Counseling Program. Staff uses form HUD-9910, Performance Review, to conduct and document results of performance reviews.

The performance reviews are conducted to ensure that agencies are in compliance with all program requirements including applicable civil rights requirements and the agency's level of success in delivering counseling services. Housing Counseling Program requirements are set forth in 24CFR214, Housing Counseling Program, Housing Counseling Program Handbook 7610.1, mortgagee letters and grant agreements (if applicable). Findings from performance reviews are used to issue conditional re-approval, if applicable, and unconditional re-approval status of the housing counseling agencies to continued participation in the program. Additionally, performance review findings are used as past performance indicators in the grant application review scoring process. The Form HUD-9910 meets program requirements to improve the quality and scope of the performance reviews conducted, to better monitor the financial and administrative controls that agencies should

have in place to effectively manage their programs, deter and discover conflicts of interest, and to establish improved procedures to monitor the expenditure of HUD grant funds.

The results of Performance Reviews are used to assist HUD in evaluating the managerial and financial capacity of organizations to sustain operations sufficient to implement HUD approved housing counseling programs. The collection of information assists HUD to reduce its own risk from fraudulent activities or supporting inefficient or ineffective housing counseling programs. HUD publishes a web list of HUD approved Housing Counseling Agencies and maintains a toll free housing counseling hotline. Performance reviews help HUD ensure that individuals seeking assistance from these participating agencies can have confidence in the quality of services that they will receive.

HUD staff uses the information collected from Performance Reviews to:

- Assess the management and financial capability of approved housing counseling agencies to carry out their missions relative to the HUD Housing Counseling Program.
- Assists HUD staff to detect any conflicts of interest or activities that may not be permissible.
- Assists HUD staff to assess whether participating organizations are meeting basic programmatic and grant administrative requirements and maintaining staff with the appropriate experience.
- Periodically, as determined by HUD to ensure that they have performed according to plan and to provide HUD with any information on changes that may impact the nonprofit's performance.
- Quarterly HUD 9902, Housing Counseling Agency Activity progress reports (2502-0261) are also required to ensure compliance and monitor activity to keep the risk to the Federal government at a minimum.
- Performance reviews give HUD the opportunity to provide technical assistance to participating housing counseling agencies.

Most of the information required under this information collection is maintained by the affected organizations in the normal course of business with HUD and HUD ascribes no burden hours to recordkeeping. The requirements for recordkeeping and what information HUD expects to view when its staff conducts a performance review are set forth in the Housing Counseling Program Handbook 7610.1 Rev-5, Chapter 5 and 6. The information cited in the handbook is a tool for the participating organizations to use so that they can be prepared for HUD reviews.

3. The rearrangement of the questions on the HUD 9910 allows for an electronic ease of completion. HUD staff and HUD agencies will be able to complete the electronic form

regardless if the review is an on-site, or desk/remote monitoring review. Agencies will be sent the link to the HUD 9910 on hud.gov, prior to the review. They will electronically complete Parts B and C (if applicable), sign through a self-certification feature, save and send the electronic version of the form back to the HUD staff. HUD staff will complete Part A of the electronic form. In addition, HUD receives OMB approval (2502-0261) to collect client level data through the use of client management systems used by counseling agencies. When remotely monitoring a participating agency, HUD also accesses individual client electronic files through agency client management systems, which allows HUD to decrease costs and reduce the burden to Housing Counseling Agencies. However, HUD must continue to perform on-site and desk monitoring for those agencies using a client management system not remotely accessible by HUD staff. It is anticipated, through using the electronic form, future desk/remote performance reviews will increase and save HUD travel funds and in turn save the time and cost burden of the counseling agency.

- 4. This information is not collected elsewhere. HUD makes every effort to assure no duplication of information is required.
- 5. HUD makes every effort to minimize the burden of information collection to all organizations participating in the Housing Counseling Program. Only information critical to evaluating an organization's compliance with program requirements is collected. The required information is, for the most part, standard and already available in the organizations' places of business and may include grant files, client files, financial records, the organization's internal program policy, program budget and personnel documents and/or legal documents. Additionally, the use of the electronic file data that will be captured through client management systems will also further reduce the burden.
- 6. Ascertaining the professional and management capacity of HUD Housing Counseling Program participating organizations to provide adequate housing counseling services is necessary to comply with the requirements of the Housing and Urban Development Act and to ensure that grant funded organizations comply with HUD and OMB administrative and financial regulations. If this information is not collected HUD would be unable to effectively monitor the Housing Counseling Program to guard against waste, fraud, abuse or inappropriate program practices. This collection provides the means to meet that obligation. HUD publishes a web list of HUD approved Housing Counseling Agencies and maintains a toll free housing counseling hotline. Performance reviews help HUD ensure that individuals seeking assistance from these participating agencies can have confidence in the quality of services that they will receive.
- 7. There are no special circumstances that would require HUD to collect information in any manner described in question #7 of this form.
- 8. In accordance with 5 CFR 1320.8(d), this information collection soliciting public comments was announced in the *Federal Register* Monday, June 16, 2014 (Volume 79, Number 115, Page 34340). No comments were received.

HUD staff interviewed five housing counseling agencies that were reviewed by HUD during the first two quarters of Fiscal Year 2011. Agencies were asked to estimate the time burden for their staff to prepare for the performance review, be interviewed by HUD staff and to retrieve files requested by HUD staff. The average of these responses was 9.5 hours total time burden for the performance review. This time commitment remains unchanged.

- 9. There are no payments or gifts to respondents with respect to this collection.
- 10. HUD employees have access to client-level information during the course of collecting information to complete this form. Revision-5 of Housing Counseling Program Handbook 7610.1, Paragraphs 5-6 and 6-3H, require HUD staff not to disclose to anyone except, to authorized HUD personnel the information contained in individual case files that may be sampled as part of the monitoring. Derogatory findings indicating the possibility of falsified records or fraud may be reported by the reviewing HUD office to the appropriate Office of the Inspector General.
- 11. No information of a sensitive nature is required as part of this collection.
- 12. The estimated number of respondents, frequency of response, annual hour burden and estimated cost to the respondents are stated below:

Description of Information Collected	Number of Respondent S	Frequency of Response	Total Annual Responses	Burden Hours per Response	Total Annual Burden Hours	Hourly Rate	Total Annual Cost
HUD-9910- Performance Review Form	455	1	455	9.5	4323	\$25	\$108,07 5

The hourly cost is based on an estimate of the average annual salary of respondent staff at \$52,000.

- 13. There is no additional cost to respondents or record keepers.
- 14. Estimated annualized costs to the Federal government include approximately 6,370 hours of staff time needed to complete preparation for the performance review, make travel arrangements, coordinate performance review visits with participating organizations, conduct and document performance reviews using the HUD Form-9910. The federal staff required to administer this process comprise mixture of both administrative and professional personnel. With an estimated average cost of \$36.21 per hour for staff, the total annualized cost to the Federal government is estimated to be \$230,658.

COSTS FOR HUD STAFF AND RESOURCES - FISCAL YEARS 2010/2011

Information Collection	Total Annual Responses	Hours per Response	Total Annual Hours	Hourly Cost	Travel Cost per review	Total Annual Cost
HUD-9910 Performance Review Activities include: Performance review pre-file review, coordinate performance review visits with participating organizations and conduct onsite performance reviews using the HUD Form-9910.	455	14	6370	\$36.21	N/A	\$230658
Travel Costs to conduct performance reviews	455				137	\$ 62,335
Total for HUD Staff and resources						\$292,993

Federal hourly rate is based on the average of annual salary of a GS-12, Step 1 and GS-13, Step 1 of the US pay rate

- 15. This is an extension of a currently approved collection. The Form HUD-9910 received a rearrangement and approval without change on September 11, 2013, to improve the quality and scope of the performance reviews conducted to better monitor the financial and administrative controls that agencies should have in place to effectively manage their programs, deter and discover conflicts of interest and to establish improved procedures to monitor the expenditure of HUD grant funds.
- 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 Certification of the Paperwork Reduction Act" of the OMB 83-I.

B. Collections of Information Employing Statistical Methods.

The collection of information does not employ statistical methods.