

# Supporting Statement for Paperwork Reduction Act Submissions

## Housing Counseling Program – Application for Approval as a Housing Counseling Agency OMB No. 2502-0573 (HUD-9900)

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### 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 objective of the program is to educate families and individuals in order to help them make smart decisions regarding improving their housing situation and meeting the responsibilities of tenancy and homeownership, including through budget and financial counseling. Counselors also help borrowers avoid predatory lending practices, such as inflated appraisals, unreasonably high interest rates, unaffordable repayment terms, and other conditions that can result in a loss of equity, increased debt, default, and possible foreclosure. Counselors may also provide reverse mortgage counseling to elderly homeowners who seek to convert equity in their homes to pay for home improvements, medical costs, living expenses or other expenses. Additionally, housing counselors may distribute and be a resource for information concerning Fair Housing and Fair Lending. The Housing Counseling Program is instrumental to achievement of HUD's mission. The Program's far-reaching effects support numerous departmental programs, including Federal Housing Administration (FHA) single family housing programs.

Approximately 2,364 HUD-participating agencies provide housing counseling services nation-wide currently. Of these, approximately 970 have been directly approved by HUD. HUD maintains a list of these agencies so that individuals in need of assistance can easily access the nearest HUD-approved housing counseling agency via HUD's website, an automated 1-800 Hotline, or a smart phone application. HUD Form 9900, *Application for Approval as a Housing Counseling Agency*, is necessary to make sure that people who contact a HUD approved agency can have confidence they will receive quality service and these agencies meet HUD requirements for approval.

2. To participate in HUD's Housing Counseling Program, a housing counseling agency must first be approved by HUD. 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. Eligible organizations include local housing counseling agencies, private or public organizations (including grassroots, faith-based and other community-based organizations) such as nonprofit, state, local or tribal government entities or public housing authorities that meet the Program criteria. HUD uses form HUD-9900 to evaluate whether applying organizations meet minimum requirements to participate in the Housing Counseling Program. The application for approval for HUD-9900 is found at <http://www.hud.gov/offices/hsg/sfh/hcc/hccprof13.cfm>.

HUD uses this information to populate Agency profile data in the Housing Counseling System (HCS) database. This data populates the HUD's website, automated 1-800 Hotline, and smart phone application.

3. The collection of information is not automated. HUD plans to streamline the information collection and automate the approval application process when funds become available. However HUD is now asking applicants to submit their applications electronically via email to HUD instead of paper submissions. Office of Housing Counseling has also created an electronic file folder on its Sharepoint site to store these files.
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4. Form HUD-9900, Application for Approval as a Housing Counseling Agency, is the first contact a housing counseling agency has with HUD, so no “similar information” is already available, and no duplication occurs.
5. The information collection is the same for all entities, regardless of size. The Information requested represents the minimum necessary to make an effective evaluation.
6. Failure to collect the information described in this submission would prevent HUD from screening potential housing counseling agencies through which HUD depends solely to provide critical housing counseling services to clients. The collection is needed to ensure applicants meet particular eligibility criteria and possess the capability to deliver effective and efficient services. This is critical since HUD refers individuals and households in need of assistance to these HUD approved counseling agencies. If the collection is not conducted, HUD would not approve any new agencies as part of the program.
7. There are no special circumstances involved in this collection.
8. In accordance with the regulations at 5 CFR 1320.8(d), HUD published a *Federal Register* notice seeking public comments on the information collection prior to submission to OMB. The notice was published on (Friday, April 18, 2014 No. 75, Page, 21940, volume 79) In February 2014, Office of Housing Counseling staff contacted a total of seven agencies that applied for HUD approval to request their views on the information collection relating to the availability of data, clarity of instructions, the format of the reporting, the data elements collected and the time burden involved. To obtain a representative sampling, multistate, intermediaries, and locally approved housing counseling agencies were contacted. Comments were provided by the following agencies: Comments were provided by the following agencies: Becky Winters, Garden State Consumer Credit Counseling, Inc. dba Novadebt; Ron Farmer, Credit & Homeownership Empowerment Services, Inc. (CHES, Inc.); Melissa Jensen, Scott County CDC; Kate Reece, Community Asset Building Manager, Lemay Housing Partnership, Inc.; Cindie Jackson, Executive Director, Homeowners Employment Corporation; Laura Carter, President, Community Solutions 360; Ms. Karen Duggleby, Minnesota Homeownership Center. The comments from these housing counseling agencies can be summarized as follows: The required data elements requested were reasonable, relevant and important, and the information was available free of cost. One agency stated they would remove credit repair as a choice for service, as credit repair is viewed as a scam due to the fact that credit can only be improved not repaired. Another stated they would add a place for counselors to complete a training self-assessment The form HUD-9900 instructions were clear overall. In instances where clarification was needed, the agencies found speaking with HUD staff helpful. The reporting format was straight forward.

HUD has used a similar version of form HUD-9900 for many years. The last form version was revised to reflect changes in HUD Housing Counseling Regulations 24CFR214, HUD handbook 7610.1, and feedback and comments from the users and HUD staff. The changes to the 2011 approved version resulted in increased time for applicants to prepare the form. For this extension, HUD will change submission instructions from paper files to electronic email submissions and change from Program Support Division to Office of Housing Counseling.

9. There are no payments to respondents.
10. The Application for Approval as a Housing Counseling Agency Form HUD-9900 is subject to the Privacy Act, which requires the records to be maintained with appropriate administrative, technical and physical safeguards to ensure their security and confidentiality.
11. There are no questions of a sensitive nature.
12. Estimate of public burden based on most recently available data (February 2014):

Information Collection	Number of Respondents	Responses per Year	Total Annual Responses	Hours per Response	Total Hours	Hourly Cost	Annual Cost
<b>Application to become a HUD-approved agency</b>							
HUD-9900	66**	1	66	71.00	4686	\$27*	\$127,446

\*This hourly cost, applied when the burden cost relates to a housing counseling agency, is an average hourly salary of housing counseling agency employees based on a limited survey of 7 applicants.

\*\*based on FY2013 applications

13. There are no additional costs to respondents.

14. Costs to the Federal Government based on most recently available data (February 2014)

Information Collection	Number of Responses	Hours per Response	Total Hours	Average Pay per Hr	Annual Cost
Form HUD-9900					
Review of applications, Form HUD-9900	66	34	2244	\$38.60*	\$86,618

\*Salary cost for Federal Employees is based on an average of GS-12 step 5, adjusted

15. This is a request for a revision of a currently approved collection. Form HUD-9900 and the associated burden for application to become a HUD-approved housing counseling agency was previously approved in 2011. The numbers of respondents, responses, and associated burden hours for the application to become a HUD-approved housing counseling agency have changed since the last OMB approval. The 2011 9900 changed some application requirements to comply with 24CFR214 and updated HUD Handbook 7610.1 Rev-5 requirements that increased applicant time burden. In addition, the Office of Housing Counseling was established within HUD and launched October 1, 2012. This consolidated application approvals conducted by 5 separate offices into one office resulting in more consistency in application review and development of a quality control process that has resulted in increased HUD staff time for processing applications. The Office of Housing Counseling also initiated a triage process for initial discussions with applicants regarding application process. This initial assessment weeded out potential applications that would not qualify. Therefore staff are now reviewing more in-depth applications and rejecting less applicants resulting in more staff time required to review applications. Staff were also initially required to scan and download paper applicant files to the Office of Housing Counseling SharePoint site. OHC has created an electronic filing system and will request applications be submitted electronically to reduce time burdens on both applicants and HUD staff.

Approximately 2,364 HUD-participating agencies provide housing counseling services nation-wide currently. Of these, approximately 970 have been directly approved by HUD. HUD-participating agencies provide housing counseling services nation-wide. Through these agencies, HUD continues to meet the significant demand from homeowners, homebuyers, renters and the homeless for critically needed housing counseling services. HUD's approvals of new housing counseling agencies will remain strong, though the annual number of approvals may decrease slightly due to the extensive agency network that currently exists. HUD will continue to ensure that areas throughout the country, including under-served areas, receive needed housing counseling services.

16. HUD maintains a web site, automated 1-800 hotline, and smart phone app listing of all Housing Counseling agencies.

17. HUD is not seeking approval to avoid displaying the OMB expiration date.

18. There is no exception to Item # 19 “Certification of Paperwork Reduction Act Submission.”

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**B. Collections of Information Employing Statistical Methods.**

The collection of information does not employ statistical methods.