

## Supporting Statement for Paperwork Reduction Act Submissions

### Mark-to-Market Program; Requirements for Community-Based Non-Profit Organizations and Public Agencies 2502-0563

#### A. Justification

1. This information collection is required in connection with HUD's implementation of the Mark to Market Extension Program Revisions (FR-4751-P-01), which continues HUD's mortgage restructuring program for FHA-insured projects with project-based Section 8 assistance. The program title "FHA Multifamily Housing Mortgage and Housing Assistance Restructuring Program" was originally authorized by Title V of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act of 1998 (P.L. No. 106-65, 111 Stat. 1384, October 27, 1997).

Title V provides that HUD may modify the terms of any second mortgage that is created as a result of a mortgage restructure under Title V, assign such second mortgage to an acquiring organization or agency, or modify or forgive all or part of the second mortgage if HUD holds the second mortgage and if the project is acquired by a tenant organization or tenant-endorsed community-based nonprofit or public agency, pursuant to guidelines established by HUD.

The Regulation provides procedures for a community based non-profit or public agency that is a purchaser of a restructured property to obtain tenant endorsement in order to qualify for debt assignment, modification, or forgiveness.

2. There are two groups of respondents. The first group consists of community-based non-profits or public agencies that purchase a restructured property and must obtain tenant endorsement in order to qualify for debt assignment, modification, or forgiveness. HUD has approximately 3 of these non-profits or agencies annually. The second group consists of the tenants of the subject housing projects. HUD has approximately 368 of these respondents per year. It is estimated that the number of future respondents will decrease as the program phases out.

HUD will use the information collected to determine that an entity or organization has met the requirements for obtaining assignment, modification or forgiveness of any HUD-held second mortgage that is created as a result of a mortgage restructure by obtaining a formal written endorsement of its proposed purchase of the project and of its request for debt relief from a majority of the heads of households of occupied units.

#### Requirements:

- a. The community-based non-profit organization or public agency must provide notice of and hold a first "Informational Meeting" with residents to disseminate information about the endorsement request and its plans for the property.
- b. The community-based non-profit organization or public agency must provide notice of and hold a second "Endorsement Vote" meeting to conduct the voting for the endorsement.
- c. Notices of the dates and times of both meetings must be sent to each head of household in the project and must contain a ballot that includes a proxy authorizing a designated person to vote on behalf of the household at the Endorsement Vote meeting.
- d. Tenant households cast their ballots at the Endorsement Vote meeting and proxies are gathered, following which it will be determined whether the total of votes cast in person or by proxy equals a quorum of at least 10% of the total number of tenant households in the project. If there is such a

quorum, the votes will be tallied and a majority of the votes will determine whether or not the purchaser has the endorsement of the tenants.

3. The collection of information will not involve the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology. Information will be distributed via printed materials. At the informational meeting, the non-profit or public agency provides information about the endorsement request and its plans for the property. Notices of the dates and times of both meetings must be sent to each head of household in the project and must contain a ballot that includes a proxy authorizing a designated person to vote on behalf of the household at the Endorsement Vote meeting. The votes and proxies will be collected at the Endorsement Vote meeting. Greater use of technology for collection would assume and require that all residents in all affected HUD-assisted properties have access to such technology, which we know to be untrue. Further, each endorsement requires original signature of agreement from the resident head of household.
4. There will be no duplication of information. There is no similar information already available that could be used or modified for use for the purpose described in item 1 above.
5. This collection is not a burden to small businesses.
6. The information cannot be collected less frequently, because the program is apart of the closing process. Tenants would not be aware of the debt restructuring and most importantly HUD would not be able to attain the tenant responses or input on the needed changes or scheduled changes being made to the project.
7. There are no special circumstances that require the collection to be conducted in a manner which is inconsistent with the guidelines in 5 CFR 1320.8(d).
8. In accordance with 5CFR 1320.8(d), this information collection soliciting public comments was announced in the Federal Register on **September 25, 2015**, Volume **80**, No. 196, Pages **57848**. (N/A) Comments received.
9. There has been no decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees, and the payment of claims to mortgagees on behalf of the mortgagor as required by the statute.
10. No assurance of confidentiality is provided.
11. No such sensitive questions are asked.
12. Estimated hour burden to the respondents:

	Number of Respondents	Frequency of Response	Total Annual Responses	Hours Per Response	Total Burden Hours	Cost per Hour	Total Annual Cost
Non-Profits / Public Agencies	3	1	3	5	15	\$48	\$720
Tenants / Heads of Households	368	1	368	1	368		
<b>Totals</b>	<b>371</b>		<b>371</b>	<b>6</b>	<b>398</b>		<b>\$720</b>

The non-profit or public agency must conduct a meeting with tenants, provide notice of the meetings, distribute printed materials, provide ballots/proxy statements, and count the ballots/proxy statements. It is estimated that 2 staff persons will work on these requirements for 5 hours at a rate of \$24/hour per person. The number of burden hours has decreased due to the elimination of the second meeting. There is no cost to the Tenants/Heads of Households because proxy statements are signed and collected at the meeting.

13. There are no additional costs to respondents.
14. Estimate of total cost to the Federal government is estimated to be \$179.40 computed at \$35.88 per hour (GS12) for approximately 5 hours of review and processing. The meeting is attended by the Participating Administrative Entity (PAE), who also reviews the count of the ballots and proxies.
15. This is an extension of a currently approved collection. Since the role for the tenant and non-profits was optional it was not included in the burden calculation for the last submission. However, there is the potential burden for 368 tenants attending a 1 hour meeting and signing the optional proxy statement. Also, the response time per response has increased for the Non-profits/Public Agencies which accounts for the increase in "hours per response". And the total number of burden hours has decreased due to the elimination of the second meeting. With each passing year, the number of potentially eligible projects will grow smaller.
16. The collection of this information is not intended to be published for statistical use.
17. We are 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 of OMB form 83-1.