

Supporting Statement for Paperwork Reduction Act Submissions
Debt Resolution Program
OMB Control Number 2502-0483
HUD-56141, HUD-56142, HUD-56146

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 Debt Collection Improvement Act (DCIA) of 1996 requires Federal Agencies to maximize collections of delinquent debts owed to the Government by ensuring quick action to enforce recovery of debts and the use of all appropriate collection tools. Section 2(c) of the National Housing Act (P.L. 479, 48 Stat. 1246, 12 U.S.C. 1701 et. seq.) empowers the Secretary of the Department of Housing and Urban Development to collect or compromise all obligations assigned to or held by HUD, and all legal or equitable rights accruing to HUD, in connection with the payment of a HUD-insured loan, until such time as such obligations may be referred to the Attorney General of the United States for suit or collection. The DCIA also requires agencies to provide debtors the right to dispute their debt prior to the reporting of the debt to a credit bureau.

The Federal Claims Collection Standards (FCCS) indicate that written demand shall be made promptly upon a debtor of the United States in terms that inform the debtor of the consequences of failing to cooperate with the agency to resolve the debt. These written demands (including the *Credit Bureau Notification Letter*) are linked to information collections, as they generate disputes and requests to pay or compromise debts.

The FCCS further states, “Agencies should obtain financial statements from debtors who represent that they are unable to pay in one lump sum . . .” (31 CFR 901.8) and “To assess the merits of a compromise offer based in whole or in part on the debtor’s inability to pay the full amount of the debt within a reasonable time, agencies should obtain a current financial statement from the debtor . . .” (31 CFR 902.2(g)). Commercial debtors are required to submit copies of accountant prepared financial statements when warranted.

In accordance with the Federal Claims Collection Act of 1966, as amended by the Federal Debt Collection Act of 1984, the Assistant Secretary for Housing has authorization from the Secretary to collect all claims not exceeding \$100,000 exclusive of interest.

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.

This information request seeks to continue the information collection requirements approved by OMB under control number 2502-0483, Debt Resolution Program.

HUD's Financial Operations Center (FOC) is responsible for collecting or compromising obligations assigned to or held by HUD, and all legal or equitable rights accruing to HUD in connection with the payment of insurance claims. The FOC processes approximately 735 of these cases annually.

Form HUD-56142, Debt Resolution Program/Personal Financial Statement. The Federal Claims Collection Standards require HUD to obtain financial statements from borrowers who represent that they cannot pay their obligation in one lump sum. The Form HUD-56142 may be sent to the debtor with a verbal agreement confirmation. The FOC receives approximately 735 HUD-56142 forms annually. The purpose of this document is to understand the Debtor's full financial profile. Information collected includes assets, debts, expenses and income. This information is used by debt service representatives to analyze a debtor's ability to repay their debt.

Debtor Authorization for Third-Party Representation. Of the 735 debtors who submit the HUD-56142, approximately 92 will provide authorization for HUD to speak to a third party (attorney, lender, Title Company) regarding the debt.

Audited Financial Statements. Approximately 62 debtor submissions annually involve commercial debtors who are not required to submit a HUD-56142, as they are instead required to submit accountant prepared financial statements to demonstrate their financial position.

Justification documents, such as tax returns, evidence of unemployment or disability, bankruptcy discharge, etc., are used to verify information provided by debtors on HUD-56141 and HUD-56142.

HUD uses the information in the HUD-56142 and the justification documents to determine (a) the debtor's ability to pay the debt in full; (b) the ability to pay the debt in installments; or (c) justification for a settlement offer. HUD uses this information to analyze debtors' financial positions and then approve settlements and repayment agreements.

Form HUD-56141, Debt Resolution Program/Settlement Offer. Of the 735 borrowers who submit financial information, about 195 submit a settlement offer for full or partial payment of their obligation. HUD uses the information submitted on form HUD-56141 to evaluate the debtor's offer of full or partial settlement and requests for releases of obligations. HUD also uses this information to evaluate the source of the funds used to pay any portion of the debt.

Request for Immediate Release. If the debtor or agent demands an immediate release, they are asked to submit a copy of the cancelled check to verify that HUD received payment. Of the 260 borrowers who submit settlement offers, approximately 86 involve the debtor or agent submitting copies of certified or canceled check to speed HUD's processing of the release documents.

Form HUD-56146, Debt Resolution Program/Repayment Agreement. Of the 735 borrowers who submit financial information, approximately 585 will submit form HUD-56146 through which the debtor agrees to pay his/her debt to HUD in installments. HUD uses this information to determine a borrower's attitude about repayment of the debt and his/her ability to repay the debt. If a verbal agreement is reached over the phone, the terms of the verbal agreement are later confirmed in writing. On rare occasions involving secured debt, the debtor will offer HUD his or her home as repayment of the debt (Deed in Lieu). This occurrence happens fewer than 2 times annually.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other 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 information collection is not usually collected electronically, although HUD will accept email requests from debtors who wish to respond in that manner. The email address is debtservicinghelp@hud.gov or by mail at 52 Corporate Circle, Albany, NY 12203. Copies of the documents received are stored in the claim file. The respondents are debtors who defaulted on HUD-insured loans. These respondents usually prefer a paper option for communicating the information rather than an electronic means because many do not have easy access to computers with communication capability. When debtors agree to periodic debits of their bank accounts, this results in the elimination of a paper-based payment process because it eliminates paper checks. The burden to the respondents is minimal.

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.

There is no duplication in the collection of this information. The data gathered is unique to the particular loan and the individual's circumstances.

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.

This information does not impact small businesses or other small entities. The collection of information is targeted toward consumers/borrowers. Business entities with debts owed to HUD are also eligible for compromise/settlements. Small entities are not otherwise affected.

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.

The consequences of not collecting this information would be non-compliance with the Federal Claims Collection Standards and a reduction in HUD's effectiveness in collecting debt based on the Department's inability to assess the viability of proposed payment arrangements or settlement offers.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner: (PLEASE ANSWER EACH BULLET SEPARATELY)

- requiring respondents to report information to the agency more than quarterly;
Not Applicable
- requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;
When a debtor wants/needs to participate in a compromise settlement or payment arrangement as soon as possible, this is usually done with 30 days after initial contact.
- requiring respondents to submit more than an original and two copies of any document;
Not Applicable
- requiring respondents to retain records other than health, medical, government contract, grant-in-aid, or tax records, for more than three years; Regulations at 31 CFR901.8(b). In some cases, installment payments are contracted in excess of three years.
Not Applicable
- in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;
Not Applicable
- requiring the use of a statistical data classification that has not been reviewed and approved by OMB;
Not Applicable
- that includes a pledge of confidentiality that is not supported by authority established in a 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
Not Applicable
- requiring respondents to submit proprietary trade secrets, 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.
Not Applicable

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 on 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 3 years - even if the collection of information activity is the same as in prior

periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

In accordance with 5 CFR 1320.8(d), a 60-day Federal Register Notice soliciting public comments was announced in the Federal Register on March 22, 2019, Volume 84, Page 10833. No comments were received.

A 30-day Federal Register Notice inviting public comments was published on July 2, 2019, 84 FR 31613. No comments were received.

HUD completed a survey of six HUD Debt Servicing Representatives who work with the public when completing the three HUD Forms: HUD 56141, HUD 56142 and HUD 56146. Respondents were contacted a single time. Each respondent surveyed indicated that they have been advised that the data necessary to complete the forms was readily available and the feedback they have received is that the instructions are straight forward and easy to follow. The answers were consistent in that the forms were easy to read and use, and that the times for completion were about right. There is no change relative to the burden hours that is estimated to complete each form.

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

HUD does not provide payments or gifts to respondents in exchange for a benefit sought.

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

The release of information to appropriate Federal, State, or local agencies, and when relevant to civil, criminal, or regulatory investigators and/or prosecutors as well as the penalty for not providing a social security number is covered by the Privacy Act of 1974. Information provided by the lender concerning the delinquent loan is already a matter of record. All forms carry the required Privacy Act notifications.

HUD Privacy Act Statement (PAS)

“HUD is committed to protecting the privacy of individuals’ information stored electronically or in paper form, in accordance with federal privacy laws, guidance, and best practices. HUD expects its third-party business partners, who collect, use, maintain, or disseminate HUD Information to protect the privacy of that information in accordance with applicable law.”

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.

Form HUD-56142 requests debtor’s age. Age is an important consideration when determining a debtor’s ability to pay, as it can be used to help determine a borrower’s potential ability to generate income for debt reduction.

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 hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.

* If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.

* 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 13.

Estimated Annualized Burden Hours and Costs

Information Collection / Type of Respondent	Form Name / Form Number	Number of Respondents	Frequency of Response	Responses Per Year	Average Burden Hours Per Response	Annual Burden Hours (rounded to nearest whole number)	Hourly Cost per Response (Hourly Wage Rate)	Total Annual Respondent Cost
Consumer/Debtor	HUD-56142	735	1	735	0.42	308.70	\$35.54	\$10,971.19
Consumer/Debtor	Authorization for 3 rd party representation	92		92	0.05	4.60	\$35.54	\$163.48
Consumer/Debtor (2502-0005)	Audited financial statements	62	1	62	0.03	1.86	\$35.54	\$66.10
Consumer/Debtor	Justification documents: tax returns, evidence of unemployment or disability, bankruptcy discharge, etc.	735	1	735	0.50	367.50	\$35.54	\$13,060.95
Consumer/Debtor	HUD-56141	195		195	0.08	15.60	\$35.54	\$554.42
Consumer/Debtor	Request for immediate release	86		86	0.08	6.88	\$35.54	\$244.51
Consumer/Debtor	HUD-56146	585		585	0.08	46.80	\$35.54	\$1,663.27
TOTALS		735		2,490		751.94		\$26,723.92

Note: The Average Burden Hours per Response numbers in the above table has been rounded up to be consistent with OMB's ROCIS system.

According to the U.S. Department of Labor, Bureau of Labor Statistics website (https://www.bls.gov/oes/current/oes_nat.htm) the wage rate category for 735 Respondents is estimated to be \$35.54 per hour including the wage rate multiplier, therefore, the estimated burden hour cost to respondents is estimated to be \$24.34 (avg burden hours per response multiplied by hourly cost per response (hourly wage rate)) annually. ($\$24.34 \times \$1.46 = \$35.54$, to reflect a fully loaded wage.)

13. Provide an estimate for the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

* The cost estimate should be split into two components: (a) a total capital and start-up cost

component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.

* If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collections services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.

* Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

There are no additional costs to respondents.

14. Provide estimates of annualized costs 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 may also aggregate cost estimates from Items 12, 13, and 14 in a single table.

Annual Cost to the Federal Government

Item	Cost (\$)
Contract Costs HUD-56141, HUD-56142, HUD-56146	NA
Staff Salaries* \$30.47 x \$1.46 x \$474.40 (GS-12, Step 1 hourly rate x \$1.46 rate multiplier X burden hours) HUD’s Financial Operations Center (FOC) is responsible for collecting or compromising obligations assigned to or held by HUD, and all legal or equitable rights accruing to HUD in connection with the payment of insurance claims.	\$21,104.25
Facilities [cost for renting, overhead, etc. for data collection activity]	NA
Computer Hardware and Software [cost of equipment annual lifecycle]	NA
Equipment Maintenance [cost of annual maintenance/service agreements for equipment]	NA
Travel	NA
Printing [number of data collection instruments annually]	NA
Postage [annual number of data collection instruments x postage]	NA
Other	NA
Total	\$21,104.25

* Note: The “Salary Rate” includes a \$1.46 multiplier to reflect a fully-loaded wage rate.

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

FOC workload varies year to year based. Based on analysis of this year’s respondents, burden hours increased consistently with the number of respondents. The number of respondents increased due to an increase in overall claims in HUD’s inventory. There are no changes in the information collection or how the information is being collected. Based on a recommendation from HUD’s Office of General Counsel, the HUD-56141, Debt Resolution Program/Settlement Offer form was updated to include a warning regarding the penalty for providing false information and the wording was updated regarding the reporting burden and the Privacy Act. Also based on a recommendation from HUD’s Office of General Counsel, the existing warning on the HUD-56142, Debt Resolution Program/Personal Financial Statement, was updated. Administrative action for false statements requires that document containing the false statement include an express certification of the truthfulness and accuracy of the information provided. 31 U.S.C. § 3802.

16. For collections 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.

Data collected 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 to avoid displaying the OMB expiration date.

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.

There are no exceptions to the certification statement identified in item 19 of the OMB 83-I.

B. Collections of Information Employing Statistical Methods.

There is no statistical methodology involved in this collection.