

Supporting Statement for Paperwork Reduction Act Submissions

Title

OMB Control Number 2502-0108

(List of form numbers)

HUD-93479

HUD-93480

HUD-93481

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. Include a statement regarding the changes for this submission. (Example: The changes for this submittal is as follows or the difference between this submission and the last is as follows....)

Monthly Reports for Establishing Net Income (Monthly Reports) provide HUD with financial data necessary to monitor the financial conditions of the project and to review contractual compliance during the selected periods of a project's operation or other information that indicates that the project is experiencing financial or management difficulties. The statutory authority for collection of monthly reports is contained in 24 CFR 200.105, "Mortgagor Supervision". The administrative authority for this collection is referenced in HUD Handbook 4370.1 Reviewing Annual and Monthly Financial Reports, Chapter 3 "Monthly Accounting Reports". Copies of these authorities are attached along with copies of the HUD forms.

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.

Monthly Reports are submitted to local HUD offices on the tenth day of each month by owners or management agents of HUD-insured or Secretary-held projects. Monthly Reports are required during the following period of a project's operation:

- During the initial rent-up period from the date of initial occupancy through the date of sustaining (95%) occupancy;
- During the term of any project workout, modification agreement of Financial Assistance Contract, and;
- Any time the project is in default under the original terms of the mortgage.

HUD may also require monthly accounting reports if:

- The review of the annual audited financial statement

indicates that

(1) the project is in poor financial condition, (2) has poor or missing internal controls, or (3) the owner or agent diverted project operating funds, or;

- The project develops vacancy problems after initial rent-up or experiences problems in collecting tenant rents.

Program Center staff use Monthly Reports to assess the need for remedial actions to correct the project deficiencies or head off potential default of the project mortgage. HUD forms 93480 and 93481 are related to the project costs. When a project is experiencing rent collection problems, it only stands to reason that expenses are directly related to income. Project Managers are responsible for reviewing trends in project's expenses.

The reasonableness of a project's expense level is determined by comparing the project's current expenses with expenses of similar projects for the same year. Projects with similar construction type, layout, location, tenant body and size can be used to indicate expected levels and trends in expenses. When expenses are analyzed in conjunction with changing revenues, Project Managers can anticipate problems and initiate corrective actions to avoid further deterioration and/or ultimate assignment of the project or mortgage to HUD. Mortgage defaults lead to assignments of mortgages costing the Government millions of dollars annually for the payment of insurance claims. After assignment of the mortgage, HUD reviews the Monthly Reports to assure project funds are used only to pay necessary and reasonable operation expenses to the project and to reduce any debt due to the Department.

The third form, HUD-93479, itemizes project assets, and is used to indicate trends in project assets, either positive or negative, and may provide early insight to financial trends.

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.

Almost all owners and agents submit printed reports from automated statements in lieu of the HUD monthly accounting reports forms identified here. Conditions for approving submissions of automated reports are included in Handbook HUD 4370.1 REV-1 Reviewing Annual and Monthly Financial Reports. Automation of this process is not feasible because respondents use their own proprietary software to gather the information, then submits paper reports generated from their own

applications. HUD lacks the resources to create data interpretation and storage software to apply an electronic means of collection.

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.

This information is not collected and/or available from other sources.

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 impact on small businesses such as accounting firms and property management agents is necessary to collect and prepare financial data required for the completion of the Monthly Reports. Management agents are responsible for maintaining books and records for audit purposes. The burden would be minimized when the continuous review of monthly reports indicate that the project owner/agent has established financial stability and is experiencing no financial difficulties at which time the requirement for monthly financial review is ended.

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.

Less frequent data collection would decrease the Department's ability to monitor debt collection on HUD-held projects and would increase the potential for fraud, diversions, defaults, and assignments.

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 often than quarterly; Monthly financial statements are submitted monthly, per industry custom.

* 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 of information in fewer than 30 days after receipt.

* requiring respondents to submit more than an original and two copies of any document; There is no requirement for 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 that can be generalized to the universe of study;
There are no statistical surveys involved with this collection.

* requiring the use of a statistical data classification that has not been reviewed and approved by OMB;
There is no requirement for the use of statistical data classification that has not been reviewed and approved by OMB.

* 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, 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.

* 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.
There is no requirement for 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.

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 5CFR 1320.8(d), this information collection soliciting public comments was announced in the Federal Register on **November 18, 2022**, Volume **87**, No. **222**, Page **69290**.
(0) Comments received.

The Department solicited comment from field offices who regularly review the information submissions of owners/agents who provide monthly financial statements. These respondents included staff from the Hub office in Jacksonville, FL, our Seattle WA office, and our office in Atlanta, GA. None offered new insights or suggestions of procedures to reduce the impact of current collection methods. Owner/managers typically submit forms created from their own proprietary software.

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

There will be no payments or gifts to respondents.

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

No assurances of confidentiality are provided.

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 questions of a sensitive nature.

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.

Information Collection	Number of Respondents*	Frequency of Response	Responses Per Year	Burden Hours Per Response	Annual Burden Hours	Hourly Cost per Response**	Total Annual Cost
HUD-93479	8,192	12	1,638	0.08	1,573	32.52	74,678
HUD-93480	8,192	12	1,638	0.08	1,573	32.52	74,678
HUD-93481	8,192	12	1,638	0.08	1,573	32.52	74,678
Total	8,192		1,638		4,719		224,035

* HUD's total insured and HUD-held portfolio. Estimated responses is based on 20% of HUD's insured and HUD-held portfolio

** Information gathered from Bureau of Labor Statistics (Occupation Code 11-9141) with median hourly wage times 1.46 benefits multiplier .

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 capital or startup costs associated

with this collection of information.

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.

Information Collection	Number of Respondents	Frequency of Response	Responses Per Year	Burden Hours Per Response	Annual Burden Hours	Hourly Cost per Response*	Total Annual Cost
HUD-93479	8,192	1,638	12	0.25	4,915	31.70	155,812
HUD-93480	8,192	1,638	12	0.25	4,915	31.70	155,812
HUD-93481	8,192	1,638	12	0.25	4,915	31.70	155,812
TOTALS	24,576		12		14,746		467,436

* Hourly cost based on a GS-12 Account Executive charged with reviewing the monthly accounting reports.

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

This is a reinstatement, with change, of previously approved collection for which approval has expired. HUD accepts owners' electronic submissions of reports generated by their own financial systems in lieu of approved forms.

Owners are not required to transfer their electronic files into the forms provided by HUD, although the forms continue to be available for those without automated means to generate the information. Owners submit reports generated by their electronic financial systems, or their paper records, either by email or postal service.

Selected project owners are required to submit monthly accounting reports as stated in Supporting Statement #2. HUD estimates this amount to an estimated 20% of the total portfolio.

The difference in number of respondents represents fluctuation created by loan payoffs during the period, and new loan commitments received during the period.

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.

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.

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

B. Collections of Information Employing Statistical Methods

The agency should be prepared to justify its decision not to use statistical methods in any case where such methods might reduce burden or improve accuracy of results. When Item 17 on the Form OMB 83-I is checked, "Yes," the following documentation should be included in the Supporting Statement to the extent that it applies to the methods proposed:

1. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection methods to be used. Data on the number of entities (e.g., establishments, State and local government units, households, or persons) in the universe covered by the collection and in the corresponding sample are to be provided in tabular form for the universe as a whole and for each of the strata in the proposed sample. Indicate expected response rates for the collection as a whole. If the collection had been conducted previously, include the actual response rate achieved during the last collection.

2. Describe the procedures for the collection of information including:

- * Statistical methodology for stratification and sample selection,
- * Estimation procedure,
- * Degree of accuracy needed for the purpose described in the justification,
- * Unusual problems requiring specialized sampling procedures, and
- * Any use of periodic (less frequent than annual) data collection cycles to reduce burden.

3. Describe methods to maximize response rates and to deal with issues of non-response. The accuracy and reliability of information collected must be shown to be adequate for intended uses. For collections based on sampling, a special justification must be provided for any collection that will not yield "reliable" data that can be generalized to the universe studied.

4. Describe any tests of procedures or methods to be undertaken. Testing is encouraged as an effective means of refining collections of information to minimize burden and improve utility. Tests must be approved if they call for answers to identical questions from 10 or more respondents. A proposed test or set of test may be submitted for approval separately or in combination with the main collection of information.

5. Provide the name and telephone number of individuals consulted on statistical aspects of the design and the name of the agency unit, contractor(s), grantee(s), or other person(s) who will actually collect and/or analyze the information for the agency.