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CHAPTER 1. HUD USER FEES AND CHARGES SYSTEM

1-1 Purpose: The purpose of this Handbook is to provide policy and guidance to Headquarters program managers for implementing and maintaining an equitable and uniform system of user charges in accordance with legislation and Office of Management and Budget (OMB) guidance on user fees.

1-2 Background:

A. Legislative Authority. Title V of the Independent Office Appropriations Act of 1952, now codified in 31 U.S.C. 9701, provides the general authority and requirements for User Fees. This legislation, commonly referred to as the User Charge Statute, provides that:

- o Government services benefiting individuals be self-sustaining to the extent possible; and
- o Fair fees -- based on costs, values, public policy and other relevant facts -- be charged for services to recipients.

Specific legislation has been enacted for many of HUD's fees that set fee amounts or prescribe the basis to be used in establishing fee levels. Also, while the User Charge Statute provides for the deposit of fee income in the Treasury as miscellaneous receipts, HUD program legislation authorizes the use of such income to assist in the funding of authorized appropriation levels for some specific programs.

B. Office of Management and Budget Guidance. OMB Circular A-25, issued September 23, 1959 and amended in 1974 (See Appendix 1), contains the following guidance for implementing the User Charge Statute and developing an equitable and uniform system of charges for government services:

- o A charge should be imposed when the service: (1) enables the recipient to obtain more immediate or substantial gains or values than those which accrue to the general public; (2) provides business stability or assures public confidence in the business activity of the recipient; or (3) is performed at the recipient's request and is above and beyond the services normally received by other members of the same industry or by the general public;
- o If the ultimate recipient is obscure and the service can be construed to benefit the public as a whole, then a charge should not be imposed for the service;

- o To determine costs, the agency should use the best available records and is not required to establish a new and separate cost accounting system for this purpose. The cost of computation must include all direct and indirect costs of providing the service including salaries and other personnel costs, travel, rent, postage, maintenance, operations and an appropriate share of the agency's general and administrative costs; and
- o The costs of providing the services should be reviewed annually and fees should be adjusted as necessary to recover full costs.

I-3 HUD Policy and Scope. It is the policy of the Department that a reasonable charge should be made to each identifiable recipient for a measurable unit or amount of Government service or property from which the recipient derives a special benefit. To effectively carry out this policy, Headquarters managers for the Department's programs are responsible for complying with the general policies contained in the User Charge Statute and OMB Circular A-25, in accordance with Departmental policies and procedures established in this Handbook. This will provide a consistent, sound and supportable basis for management decisions regarding user fees.

Many of the Departments's programs, especially the Federal Housing Administration programs, already incorporate statutory and regulatory provisions for the collection and disposition of fees. The Government National Mortgage Association, the Interstate Land Sales Registration program, the Mobile Home Inspection program, loan application programs and inspection, servicing and application fees in Community Planning and Development and Public and Indian Housing already provide, in statute and regulation, for fee collection and disposition. In addition, there are programs and procedures for fee collection and disposition under the Freedom of Information Act and other administrative procedures in the Department. This Handbook is not intended to supersede existing laws and regulations, but is, instead, to clarify Headquarters program managers' responsibilities for reviewing these fee arrangements annually, as a part of the Department's regular budget formulation process.

Program managers should also review new programs in light of the policies and procedures contained in this Handbook.