

**Supporting Statement for a Request for OMB Review under
The Paperwork Reduction Act**

1. IDENTIFICATION OF THE INFORMATION COLLECTION

1(a) Title of the Information Collection

Title: Disclosure Requirements of Known Residential Lead-Based Paint and Lead-Based Paint Hazards

**EPA ICR No.: 1710.05 OMB Control No:
2070-0151**

1(b) Short Characterization

Section 1018 of the Residential Lead-Based Paint Hazard Reduction Act of 1992 (the Act) (42 U.S.C. 4852d) (Attachment 1) directs the Environmental Protection Agency (EPA) and the Department of Housing and Urban Development (HUD) to jointly issue regulations requiring disclosure of known lead-based paint and/or lead-based paint hazards by persons selling or leasing housing constructed before the phase-out of residential lead-based paint use in 1978. Under that authority, EPA and HUD established the following requirements at 40 CFR 745, Subpart F (Attachment 2) and 24 CFR 35, Subpart H (Attachment 3):

1. Disclosure of all known lead-based paint (LBP) and LBP hazards to potential buyers and lessees by sellers and lessors before the selling or leasing of most housing built before 1978;
2. Disclosure includes any and all LBP and LBP hazard information such as LBP inspection reports, risk assessments, elevated blood lead level reports and other data;
3. Sellers and lessors must provide purchasers and lessees with a federally approved lead hazard information pamphlet;
4. Sellers must provide purchasers with a 10-day opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards before the purchaser is obligated under any purchase contract;
5. This disclosure activity is required of sellers, lessors, and their agents;
6. Records of these disclosure activities must be retained and maintained by sellers, lessors and agents for a minimum of 3 years; and
7. Records must include signed and dated disclosure forms and a list of available records and reports.

These provisions ensure that families receive both specific information on the housing's lead history and general information on lead exposure prevention. With this information, consumers can make more informed decisions concerning home purchase, lease, and maintenance to protect their families from lead hazard exposure. The requirements do not apply to housing that has been found to be free of lead-based paint by a certified LBP inspector, 0-bedroom dwellings, housing for the elderly, housing for the handicapped, or short-term leases.

The affected parties and the supplemental requirements related to each are described below:

Sellers of Pre-1978 Residential Housing: The rule requires that sellers of pre-1978 housing complete and attach a disclosure form to their sales contracts. A sample form is provided in the preamble to the regulations, but only the information elements are required, each respondent can develop its own form. The form must be signed by the seller, purchaser, and any agent(s) acting on behalf of the seller.

Lessors of Pre-1978 Residential Housing: The rule requires lessors of pre-1978 housing to complete and attach a disclosure form to their leasing contracts. Again, while a sample form is provided, each respondent is permitted to develop its own form. The form must be signed by the lessor and any agent(s) acting on behalf of the lessor. The form must then be retained by the lessor, and any agents acting on their behalf.

Agents Acting On Behalf of Sellers or Lessors: Section 1018 of the Act specifically directs EPA to require agents acting on behalf of sellers or lessors to ensure compliance with the disclosure regulations.

EPA and HUD have agreed to maintain a single ICR for these information collection activities. EPA will take the lead in preparing the necessary documentation for renewals.

2. NEED FOR AND USE OF THE COLLECTION

2(a) Need/Authority for the Collection

The third party disclosure requirements that are contained in the regulations are specifically mandated by section 1018 of the Act. The recordkeeping requirements contained in the regulations are necessary for ensuring compliance with the provisions of the regulations.

2(b) Use/Users of the Data

The third party disclosure requirements attempt to ensure that families receive both specific information on the housing's lead history and general information on lead exposure prevention. With this information, consumers may be able to make more informed decisions concerning home purchase, lease, and maintenance to protect families from lead hazard exposure.

The recordkeeping requirements enable EPA and HUD, as well as tribal governments, state and local regulators and the courts, to both determine compliance and effectively enforce section 1018 and the provisions of the rule. In addition, the Act provides a private cause of action for persons harmed by violations of section 1018, and records kept pursuant to this rule may be important evidence for these parties.

3. NON-DUPLICATION, CONSULTATIONS, AND OTHER COLLECTION CRITERIA

3(a) Non-Duplication

The third party disclosure and recordkeeping requirements covered by this ICR are unique and are not in any way duplicated by another information collection activity.

3(b) Public Notice Required Prior to ICR Submission to OMB

In proposing to renew this ICR, EPA provided a 60-day public notice and comment period that ended on May 14, 2007 (72 FR 11354, March 13, 2007). EPA received no comments during the comment period.

3(c) Consultations

Under 5 CFR 1320.8(d)(1), OMB requires agencies to consult with potential ICR respondents and data users about specific aspects of ICRs before submitting an ICR to OMB for review and approval. In accordance with this regulation, EPA submitted questions to five parties via email. The individuals contacted were:

Tracey Benson, National Association of Independent Landlords, landlord@nail-usa.com
Russell Riggs, National Association of Realtors, riggs@realtors.org
Eileen Lee, National Multi Housing Council, elee@nmhc.org
Paul Nesbitt, National Property Management Association, pnesbitt@npma.org
Thomas Neltner, IKE Coalition, neltner@ikecoalition.org

EPA received one response to its solicitation for consultations, from the National Association of Independent Landlords. Copies of EPA's consultation e-mail to the above five potential respondents, and of the one response that EPA received, are included below as Attachment 4.

3(d) Effects of Less Frequent Collection

The third party disclosure occurs when the regulated entities are engaged in a specific transaction, i.e., the sale or lease of target housing. As such, it is not possible or appropriate to consider a less frequent disclosure interval.

3(e) General Guidelines

This rulemaking is consistent with OMB's General Guidelines for information collections under the PRA. Although no form is imposed by the regulations, to facilitate and simplify compliance, EPA and HUD provide a sample form for respondents to adopt or modify for their use. Since this form is simply a sample, it does not contain a PRA Notice, OMB number or expiration date.

3(f) Confidentiality

This collection does not require the disclosure or retention of confidential information. The third party disclosure requirements also comply with the provisions of the Privacy Act of 1974 and OMB Circular A-108.

3(g) Sensitive Questions

This collection does not include questions of a sensitive nature.

4. THE RESPONDENTS AND THE INFORMATION REQUESTED

4(a) Respondents/NAICS Codes

The respondent universe for this ICR includes sellers, purchasers, lessors, and lessees of non-exempt residential dwellings built before 1978, or real estate agents representing such parties. Respondents affected by this collection activity primarily include those businesses that fall under NAICS code 531, Real Estate, plus private parties engaged in sale or lease transactions.

Categories	NAICS Codes	Examples of potentially-affected entities
Real Estate Operators/ Lessors	53111	Lessors of residential buildings and dwellings
Offices of Real Estate Agents/ Property Managers	53121 53131	Real estate agents and brokers Property managers
Private PartiesBSales Transactions	None	Sellers and buyers of residential dwellings
Private PartiesBLease Transactions	None	Landlords and tenants of residential dwellings

This listing is not intended to be exhaustive. The North American Industrial Classification System (NAICS) codes have been provided to assist you and others in determining whether or not this action applies to certain entities. To determine whether a particular entity is affected by this action, you should carefully examine the applicability provisions in 40 CFR 745.100.

4(b) Information Requested

(i) Data Items

When engaged in the subject activity, i.e., the sale or lease of target housing, the

Respondent must maintain the following records:

- Signed, dated, and completed disclosure forms from sales and leases involving the target housing
- Known information on LBP and LBP hazards in the target housing

(ii) Respondent Activities

When engaged in the subject activity, i.e., the sale or lease of target housing, the Respondent must perform the following activities:

- Read the regulation to learn the basic requirements
- Prepare and complete the written form
- Store, file, and maintain the information for at least three years

5. THE INFORMATION COLLECTED--AGENCY ACTIVITIES, COLLECTION METHODOLOGY, AND INFORMATION MANAGEMENT

5(a) Agency Activities

The primary purpose of this information collection activity is the provision of certain information between two parties in a transaction, i.e., third party disclosure. The agencies are therefore primarily engaged in the following basic activities:

- Public outreach to assist in the understanding of, and compliance with, the rule requirements
- The development and maintenance of an infrastructure for receiving tips and complaints regarding alleged violations of the regulations
- Compliance monitoring and enforcement of the provisions in the regulation

5(b) Collection Methodology and Management

This is a third party disclosure requirement that occurs on a specific occasion. There is no information collection by the agencies. Records are required to be retained by regulated parties and made available to the agencies as part of compliance monitoring and enforcement activities.

5(c) Small Entity Flexibility

The affected population for this rule is largely comprised of small entities, and all of the requirements have been crafted to maximize flexibility. EPA and HUD have also developed guidance and a sample form to further facilitate and assist small entities with compliance.

5(d) Collection Schedule

The third party disclosure is transaction specific and only occurs when the regulated entities are engaged in a specific transaction, i.e., the sale or lease of target housing.

6. ESTIMATING THE BURDEN AND COST OF THE COLLECTION

6(a)-(b) Estimating Respondent Burden and Costs

Burden hour and associated annual costs have been estimated for three classes of respondents identified as being affected by the lead-based paint hazard disclosure rule for real estate transfers:

1. Property Owners and Lessors
2. Offerors/Buyers and Lessees/Tenants.
3. Agents acting on behalf of Property Owners and Lessors, and Agents acting on behalf of Offerors/Buyers (following prior analyses, it is assumed that there are no agents acting on behalf of lessees or tenants)

Burden hours and costs were estimated for four activities:

1. Start-Up Activity
2. Disclosure Record Preparation Activity
3. Record-Keeping
4. Materials.

The burden hour and cost estimates are summarized in the attached tables and discussed below. The estimates of annual individual burden hours in this analysis were developed using the methods and estimates previously developed and reported in the Regulatory Impact Analysis (RIA) for the disclosure rule for transfers, using updated costs, numbers of persons and numbers of transactions. For the ICR burden analysis, burden hours per individual respondent for a given activity were estimated from the total number of annual burden hours in that activity (based on total events or total persons affected as reported in the regulatory analysis) divided by the estimated total number of respondent parties that would potentially be affected by the disclosure rule.

Note that this analysis uses the NAICS code system of industry classifications throughout. The analyses done for the original ICR and for the previous ICR renewal used the older SIC classification system for some or all of the data and calculations. The transition from SIC to NAICS is not likely to have introduced any major changes in the burden and cost estimates, since there is no great difference between the industry definitions under NAICS and the SIC definitions.

The per-event time requirements in the table below are estimates as previously presented in the RIA. The number of events reported in this table is explained in more detail later in this analysis.

Summary of time requirements for time-related cost components assuming that 85% of sales and rentals involve agents		
	Time required	total number of entities
Start-up burden for training and preparation		
New real estate agents (NAICS 5312)	1 hour	26,813
New lessors (NAICS 5311)	1 hour	13,769
Each home seller	1 hour	3,720,000
Disclosure events per sale (assuming two offers per sale)		
Sellers	5 minutes x 2	3,720,000
Agent for sellers	5 minutes	3,720,000 x 85% = 3,162,000
Offerors	5 minutes x 2	3,720,000
Agents for offerors	5 minutes x 2	3,720,000 x 85% = 3,162,000
Disclosure events per rental		
Owners/lessors	5 minutes	7,500,000
Agents for owners/lessors	5 minutes	7,500,000 x 85% = 6,375,000
Tenants/lessees	5 minutes	7,500,000
Record-keeping time		
Seller	0.5 minutes	3,720,000
Agent for seller	0.5 minutes	3,720,000 x 85% = 3,162,000
Owners/lessors	0.5 minutes	7,500,000
Agent for owners/lessors	0.5 minutes	7,500,000 x 85% = 6,375,000

Cost of Respondents= Time

The method of estimating the cost of a respondent's time depends on whether he or she is a paid employee acting as an agent for some other party, or is an unpaid individual acting on his or her own behalf. The cost of an employed agent's time is the fully loaded hourly cost, including wages, benefits, and overhead. The cost of time for an individual acting for oneself is estimated to be the value that they would place on a marginal unit of leisure or, conversely, the net income they would receive from a marginal unit of additional work. Thus their time is

valued at their after-tax wage rate.

The hourly wage rate for the agents for sellers and offerors used in this analysis is \$19.85 per hour, which is the most recently reported (May 2005 data) mean hourly wage from the Bureau of Labor Statistics' *National Industry-Specific Occupational Employment and Wage Estimates* for NAICS 5312, offices of real estate agents and brokers. Similarly, the hourly wage rate for the agents for lessors used in this analysis is \$15.73, reported from the same source for NAICS 5311, lessors of real estate. Non-wage benefits were estimated at 32.83% of wages, as calculated based on data on benefits for service producing industry workers in Table 5 of *Employer Cost for Employee Compensation -- June 2006* (Bureau of Labor Statistics, data released on September 22, 2006). The service sector data were used because information on cost of benefits is not currently available on a NAICS code basis. An additional 17% of the hourly wage rate has been added for overhead costs. This gives an estimated total hourly labor cost of \$29.74 for the agents of sellers and offerors and \$23.57 for the agents of lessors.

The agents discussed above are affected by this rule as part of their occupation. It is assumed that sellers, buyers, lessors and lessees/tenants engage in these activities on their own behalf and not as part of their occupations. Time that is not part of the person's occupation is valued at its opportunity cost, which is value that the individual would place on his or her next best alternative activity. Economists generally assume that the opportunity cost marginal value of an individual's time is best estimated by their marginal earnings, net of taxes and social insurance deductions. This analysis uses an estimate of \$13.47 per hour for the cost or value of time for those respondents acting on their own behalf, not as paid employees.

From Table 1-1 in the June 2005 Compensation Survey (BLS Bulletin 2581, August 2006), the mean hourly earnings rate over all occupations is \$18.62. This value was reduced by 27.65 percent to \$13.47 to account for income tax, the employee's share of FICA, and the Medicare tax payment. The current marginal federal income tax rate for most workers is either 15 percent or 25 percent, so 20 percent was chosen to represent the typical or average rate. The employee's FICA contribution for most workers is 6.2 percent of their wage, and their Medicare contribution is 1.45 percent. That gives a total of 27.65 percent.

Economic cost of respondents' time	
Real estate agents, NAICS 5312	\$29.74
Lessors of real estate, NAICS 5311	\$23.57
Individuals acting on their own behalf	\$13.47

Target Housing Sales and Rental Events

The estimated number of target housing sales per year is based on an estimate of the share of owner-occupied housing units that were built prior to the ban of the use of lead-based

paint in residences, multiplied by an estimate of the number of existing home sales per year. The number of target housing rental events is based on the number of households occupying target rental housing who report having moved during a one-year period.

As in previous analyses, this report maintains the assumption that 85 percent of home buyers and sellers and 85 percent of lessors are represented by paid agents, and that the remaining 15 percent of those groups as well as 100 percent of tenants/lessees act on their own behalf without the assistance of paid agents.

Data on the age of both owner-occupied and rental housing, and related information, are available from the *American Housing Survey for the United States: 2005*, issued jointly by the U.S. Dept. of Housing and Urban Development and the U.S. Census Bureau in August 2006. An estimate of the expected number of existing home sales in 2007 is available in the National Association of Realtors' forecast titled *U.S. Economic Outlook: October 2006*, accessed on-line from www.realtor.org/research/index.html.

For the purposes of the 1018 notification regulations, target housing is housing built prior to 1978 and which also meets certain other conditions. According to the 2005 housing survey (Table 3-1 on page 110), at the time of the survey the existing U.S. owner-occupied housing stock consisted of 38.7 million units built prior to 1975, 8.0 million units built during the period 1975-1979, and 28.2 million units built after 1979. Calculating from those numbers (and assuming that 3/5 of the units built in 1975-1979 were built before 1978), we estimate that 58.1 percent of the stock of existing owner-occupied housing is target housing. The estimates from the National Association of Realtors project 6.4 million existing home sales in 2007. Multiplying 6.4 million by 58.1 percent gives us an estimate of 3.72 million target housing sales per year.

There are no available data that reports directly on the number of housing rental events per year. However, the 2005 housing survey (Table 4-1 on page 190) does report on the number of renter occupied units that were, at the time of the survey, occupied by households who had moved in the past year. This number can be used as a proxy to estimate the number of new rentals, with a caveat. This procedure will produce an underestimate, to the degree that some of those households may have moved more than once during that one-year period.

The data reported in the survey indicate that there 6.5 million units built prior to 1975 and occupied by households who had moved in the year prior to the survey, 1.7 million such units built during the period 1975 to 1979, and 4.1 million such units built after 1979. Assuming that 3/5 of the units dating to 1975-1979 are pre-1978, we can estimate that there were about 7.5 million target housing rentals during the year preceding the survey. Thus this analysis will assume that there will be 7.5 million additional target housing rentals per year, for each year over the course of this ICR renewal.

Start-Up Burden

The start-up burden involves the time and cost required for individuals and agents to learn the disclosure rule's requirements and set up procedures for meeting those requirements. Based on the RIA, the time required to learn the rule and set up compliance procedures was

estimated to be one hour.

This analysis assumes that real estate sales agents, sellers of rental property, and property managers only incur this start-up burden once, when they initially enter the profession. Since the rule's initial year has passed, the calculation assumes a >typical year= number of new entrants, who will incur the start-up costs in their first year. The number of new entrants is based on two factors: the turnover associated with replacement of retirees and growth rate of this employment category over time.

The estimated compound annual growth rate is calculated using the number of employees for NAICS code 53121 (real estate agents and brokers) using U.S. Census Bureau County Business Patterns survey data over the period 1998 to 2004, the years for which NAICS code based data are currently available. The Census reports a total of 241,082 employees in that category in 1998, and 323,045 as of 2004. Calculated from those numbers, the annual geometric growth rate in employees over that period is estimated to be 5.0 percent.

The Agency currently does not have information on the employee turnover rate for NAICS industry sectors. Assuming that a typical worker might retire after thirty years, and if the age distribution were uniform, then the retirement rate (and thus the retirement replacement rate) would be about 3.3 percent. In a growing industry (such as this), one would expect the proportion of retirement-age workers would be smaller than for younger cohorts. On the other hand, some unknown number of workers undoubtedly leave the industry before retirement. For purposes of this analysis, we assume that 3.3 percent represents a reasonable estimate of the turnover rate.

The 5.0 percent growth rate combined with the 3.3 percent turnover rate equals a new-agent training rate of 8.3 percent. When that rate is applied to the 323,045 NAICS code 53121 employees in 2004, that translates into 26,813 new agents incurring start-up costs each year.

Individual sellers and lessors also incur this start-up burden, when they first encounter the disclosure rule. The analysis assumes that each seller is encountering the disclosure rule for the first time. This may lead to an over-count, since individuals may sell their current home and move on multiple occasions. The owner/lessor of rental property may be more likely to encounter the disclosure rule more than once, if the lessor handles more than one target housing property or rents the same property more than once. Thus, to prevent possible multiple counting of start-up costs this analysis assumes that the owner/lessor has already encountered the rule and is therefore not a new entrant. While there may be some lessors who are first encountering this rule, there also may be some sellers who have encountered this rule previously, so that an undercount on lessors may be matched by an over-count on sellers.

While this analysis does not count owner/lessors as new entrants, it does consider that the agents acting on their behalf incur this start-up burden when they enter the profession. This portion of the start-up burden is captured through data on employment in NAICS code 53111 (lessors of residential buildings and property). As for real estate agents, the number of new entrants among lessors is based on two factors: the turnover associated with replacement of retirees and other departing workers, and growth rate of this employment category over time.

The estimated compound annual growth rate is calculated using the number of employees for NAICS code 53111 (lessors of residential buildings and dwellings) using U.S. Census Bureau County Business Patterns survey data over the period 1998 to 2004, the years for which NAICS code based data are currently available. The Census reports a total of 276,449 employees in that category in 1998, and 299,321 as of 2004. Calculated from those numbers, the annual geometric growth rate in employees over this period is estimated to be 1.3 percent.

As noted above, the Agency currently does not have information on the employee turnover rate for NAICS industry sectors. Assuming that a typical worker might retire after thirty years, and if the age distribution were uniform, then the retirement rate (and thus the retirement replacement rate) would be about 3.3 percent. For purposes of this analysis, we assume that 3.3 percent represents a reasonable estimate of the turnover rate.

The 1.3 percent growth rate combined with the 3.3 percent turnover rate equals a new-agent training rate of 4.6 percent. When that rate is applied to the 299,321 NAICS code 53111 employees in 2004, that translates into 13,769 new lessors incurring start-up costs each year.

Annual start-up burden hours and cost for training and preparation			
	burden hours	hourly cost	total cost
New agents for sellers (NAICS 53121)	26,813	\$29.74	\$797,419
New agents for owners/lessors (NAICS 53111)	13,769	\$23.57	\$324,535
Each home seller	3,720,000	\$13.47	\$50,108,400
Total			\$51,230,354
Start-up burden for sales	3,746,813		\$50,905,819
Start-up burden for rentals	13,769		\$324,535

Disclosure Record Preparation Burden

The disclosure record preparation burden involves the time and cost for performing the disclosure activities in conjunction with the sale or rental of target housing as specified by the rule. The annual individual disclosure burden for both sales and rental agents is based on the annual number of sales and rental transactions handled by agents, the estimated amount of time required to perform each disclosure (*Regulatory Impact Analysis of Lead-Based Paint Hazard Disclosure Rule for Real Estate Transfers, 1995*), and the total number of respondents. Each instance is estimated to take five minutes for each of the parties. For each sale handled by an agent on the seller's side, the agent is expected to explain the rule to the seller. For each offer in each sale handled by an agent on the offeror's side, the agent is expected to explain the rule to the offeror. Thus for each sale without an agent the analysis assumes a total burden of twenty minutes (five minutes on each of two sides, for two offers), and a total burden of thirty five minutes when the sale has an agent for each offeror and for the seller (twenty minutes plus five minutes for each of three agents).

Disclosure and record preparation burden and cost					
Sales disclosure burden, based on an estimated 3,720,000 target housing unit sales per year					
	minutes of burden per sale/rental	burden in minutes	burden in hours	hourly cost	Total cost
Sellers	5 x 2	37,200,000	620,000	\$13.47	\$8,351,400
Agent for sellers	5 x 85%	15,810,000	263,500	\$29.74	\$7,836,490
Offerors	5 x 2	37,200,000	620,000	\$13.47	\$8,351,400
Agents for offerors	5 x 2 x 85%	31,620,000	527,000	\$29.74	\$15,672,980
Total for sales			2,030,500		\$40,212,270
Rentals disclosure burden, based on an estimated 7,500,000 target housing unit rentals per year					
Owners/lessors	5	37,200,000	625,000	\$13.47	\$8,418,750
Agents for owners/lessors	5 x 85%	31,875,000	531,250	\$23.57	\$12,521,563

Tenants/lessees	5	37,500,000	625,000	\$13.47	\$8,418,750
Total for rentals			1,781,250		\$29,359,063
Overall total for disclosure record preparation			3,811,750		\$69,571,333

Record-Keeping Burden

The record-keeping burden involves the time and cost for meeting the disclosure rule's record-keeping requirements. The annual individual record-keeping burden for both sales and rental agents is based on the annual number of sales and rental transactions handled by agents, the estimated amount of time required, per event, to comply with the record keeping requirement (*Regulatory Impact Analysis of Lead-Based Paint Hazard Disclosure Rule for Real Estate Transfers, 1995*), and the total number of respondents.

The record-keeping provisions of this rule require that both the seller and the selling agent (or in the case of rentals, both the owners/lessors and their agents) maintain records of the signed disclosure. The record-keeping requirement causes them to spend time in filing the specified documents. In all likelihood, some type of filing system already exists for each party. The incremental filing time that may reasonably be attributed to the disclosure rule itself should be very small, or approximately 0.5 minutes (0.0083 hours) per record.

Record keeping burden and cost					
	total records	hours per record	total hours	hourly cost	total cost
Sellers	3,720,000	0.0083	30,876	\$13.47	\$415,900
Agents for sellers	3,162,000	0.0083	26,245	\$29.74	\$780,526
Owners/lessors	7,500,000	0.0083	62,250	\$13.47	\$838,508
Agent for owners/lessors	6,375,000	0.0083	52,913	\$23.57	\$1,247,159
Totals			172,283		\$3,282,093
Record-keeping burden and cost for sales			57,121		\$1,196,426
Record-keeping burden and cost for rentals			115,163		\$2,085,667

Materials Burden

The materials burden involves the cost of materials required for rule compliance. Materials costs include Lead Hazard Pamphlets, filing materials, and copies to be made. The sellers and lessors may choose to provide these materials themselves or to have their agents manage these materials. But for simplicity, this analysis assumes that these costs are borne by the principals, the sellers and the lessors.

The Lead Hazard Pamphlets are 16 pages in length, printed front and back, folded sheet format (i.e. four sheets of standard sized paper per document), at \$0.54 per pamphlet. The total cost of the pamphlet incurred by real estate agents is calculated using the cost per pamphlet, the total number of offers per sale of target housing (two offers/sale), and the number of sales and rentals of target housing that involve an agent. The number of offers per sale of target housing is based on the RIA.

Pamphlet costs				
	number of sales or rentals	number of pamphlets needed	cost per pamphlet	total cost
Sales	3,720,000	7,440,000	\$ 0.54	\$4,017,600
Rentals	7,500,000	7,500,000	\$ 0.54	\$4,050,000
Total		14,940,000		\$8,067,600

It is assumed that there is one copy of a signed acknowledgment and disclosure statement for every offer or rental contract. It is assumed that each statement will require no more than one side of a single sheet of paper. For sales and rentals involving an agent, three sets of the contract must be generated by the agent (one for the buyer/lessee, one for the seller/lessor and one for the agent) for a total of three copies. In addition, sales transactions will also require a one-page lead-based paint inspection contingency clause for each party. Those are not required for rentals. The following table summarizes the number of pages required for each sale or rental. This analysis assumes two offers per sale (RIA).

Copy and filing costs (disclosure/acknowledgment and paint inspection contingency clause)						
	pages per sale or rental	number of events	total pages	copying cost at 6 4 per page	Filed pages	Filing cost at 0.6 4 per sheet
Sales without agents	8	558,000	4,464,000	\$267,840	n/a	
Sales with agents	12	3,162,00	37,944,00	\$2,276,64	6,324,00	\$37,944

		0	0	0	0	
Rental without agents	2	1,125,000	2,250,000	\$135,000	n/a	
Rental with agents	4	6,375,000	25,500,000	\$1,530,000	12,750,000	\$76,500
			70,158,000	\$4,209,480		\$114,444

Copies are assumed to cost \$0.06 per copy. For 70 million pages the total copying cost will be \$4.2 million.

Filing-related material costs include the cost of storing the signed disclosure and acknowledgment statements that result from a completed transaction. Filing costs for individual buyers and sellers and owners and renters are considered a negligible incidental expense. The filing costs are assumed to only for agents. For filing materials, it is assumed a four drawer, 25-inch deep filing cabinet can hold 25,000 sheets of paper and costs approximately \$140 (discount office supply price, August, 2003). This translates into a \$0.006 cost per sheet of paper. For each sale or rental transaction, agents are assumed to retain one sheet of paper containing a signed disclosure and acknowledgment statement.

Materials costs summary		
	sales	rentals
Pamphlet costs	\$4,017,600	\$4,050,000
Copy costs	\$2,544,480	\$1,665,000
Filing costs	\$37,944	\$76,500
Total by type of event	\$6,600,024	\$5,791,500
Overall total materials cost	\$12,391,524	

Total Burden and Costs

Burden and cost for real estate sales		
	burden hours	cost
Start-up	3,746,813	\$50,905,819
Disclosure event	2,030,500	\$40,212,270
Record keeping	57,121	\$1,196,426
Materials	n/a	\$6,600,024
Total	5,834,434	\$98,914,539

Burden and cost for rentals		
	burden hours	cost
Start-up	13,769	\$324,535
Disclosure event	1,781,250	\$29,359,063
Record keeping	115,163	\$2,085,667
Materials	n/a	\$5,791,500
Total	1,910,182	\$37,560,765

Aggregate burden and costs for the residential lead-based paint hazard disclosure ICR		
	burden hours	cost
Sales	5,834,434	\$98,914,539
Rentals	1,910,182	\$37,560,765
Total	7,744,616	\$136,475,304

Burden and Cost by Respondent Class

The following table presents the burden and costs by respondent class: real estate sales and rental agents; property owners and lessors; and offerors/buyers and lessees/tenants. The filing-related materials costs are assumed to fall on agents, with the remainder of materials costs falling on sellers and owners/lessors.

Burden and costs by respondent class			
Respondent class activity	burden hours	hourly cost	annual cost
Start-up burden for NAICS 5312	26,813	\$29.74	\$797,419
Start-up burden for NAICS 5311	13,769	\$23.57	\$324,535
Sales disclosure event burden for sellers agents	263,500	\$29.74	\$7,836,490
Sales disclosure event burden for offerors= agents	527,000	\$29.74	\$15,672,980
Rental disclosure event burden for agents	531,250	\$23.57	\$12,521,563
Record keeping burden for sales agents	26,245	\$29.74	\$780,526
Record keeping burden for rental agents	52,913	\$23.57	\$1,247,159
Total burden and costs for all agents	1,441,490		\$39,180,672
Start-up burden for sellers	3,720,000	\$13.47	\$50,108,400
Sales disclosure event burden for sellers	620,000	\$13.47	\$8,351,400
Rental disclosure event burden for owners/lessors	625,000	\$13.47	\$8,418,750
Record keeping burden for sellers	30,876	\$13.47	\$415,900
Record keeping burden for owners/lessors	62,250	\$13.47	\$838,508
Materials costs for sellers	n/a	n/a	\$6,600,024
Materials costs for owners/lessors	n/a	n/a	\$5,791,500
Total burden and costs for sellers and owners/lessors	5,058,126		\$80,524,482
Sales disclosure event burden for offerors	620,000	\$13.47	\$8,351,400
Rental disclosure event burden for tenants/lessees	625,000	\$13.47	\$8,418,750

Total burden and costs for offerors and tenants/lessees	1,245,000		\$16,770,150
Total burden and costs for all respondents	7,744,616		\$136,475,304

Unit Burden Hours

The burden of the disclosure rule affects six groups. Four of those groups consist of the individuals involved in sale and rental transactions, and two groups are agents acting on behalf of some of those individuals. The individuals are assumed to bear their burden as individuals, but the burden on agents falls on the establishments at which they are employed. Those establishments are in NAICS code 53121 (offices of real estate agents and brokers) and NAICS code 53111 (lessors of residential buildings and dwellings). To determine the burden on those establishments, the total burden on those groups is divided by the number of establishments as estimated in the 2004 County Business Pattern Survey.

Unit burden summary for individuals				
	start-up burden	disclosure event burden	record-keeping burden	total burden per individual
Sellers	1 hour	5 minutes	0.5 minutes	65.5 minutes
Offerors		5 minutes		5 minutes
Owners/lessors		5 minutes	0.5 minutes	5.5 minutes
Tenants/lessees		5 minutes		5 minutes

Unit burden summary for establishments		
	Agents for sellers and offerors NAICS 5312	Agents for owners/lessors NAICS 5311
Aggregate start up burden	26,813 hours	13,769 hours
Aggregate disclosure event burden	790,500 hours	531,250 hours
Aggregate record-keeping burden	26,245 hours	52,913 hours
Total aggregate burden	843,558 hours	597,932 hours
Number of establishments	323,045 establishments	299,321 establishments

Unit burden	2.61 hours per establishment	2.00 hours per establishment
-------------	------------------------------	------------------------------

6(c) Estimating Agency Burden and Costs

The primary purpose of this information collection activity is the provision of certain information between two parties in a transaction, and constitutes a third party disclosure under the PRA. The Agency burden and costs associated with this activity are, therefore, limited to the provision of guidance and program oversight or enforcement. As such, there is no need to estimate the related Agency burden and costs under the PRA.

6(d) Reasons for the Change in Burden

There is a decrease of 1,110,994 hours (from 8,855,610 hours to 7,744,616 hours) in the total estimated respondent burden compared with that currently in the OMB inventory. This decrease reflects a gradual reduction in the annual number of real estate sales and residential property rentals involving target housing subject to the rule's requirements. This change reflects an **adjustment** to the Agency's burden estimates arising from changes in the housing market.

6(e) Burden Statement

The total annual burden for this ICR is estimated to be 7,744,616 hours and involves slightly more than 49.5 million estimated annual responses. These responses correspond to the various information activities related to an estimated 3,720,000 annual target housing sales and an estimated 7,500,000 annual target housing rentals. The burden associated with the vast majority of these response activities is estimated to be 5 minutes or less. For new sellers, lessors, and agents, the burden associated with one-time rule familiarization activities is estimated to be 1 hour per event. The burden associated both with disclosures and related acknowledgements by sellers, lessors, offerors, their respective agents, and tenants is estimated to be about 5 minutes per event. The burden associated with related recordkeeping activities by sellers, lessors, and their agents is estimated to be less than 1 minute per event. Although these paperwork requirements also apply to the Federal government, the PRA does not require EPA and HUD to estimate the potential burden or costs associated with the paperwork activities performed by Federal agencies.

Under the PRA, "burden" means the total time, effort, or financial resources expended by persons to generate, maintain, retain, disclose, or provide information to or for a Federal agency. For this collection it includes the time needed to review instructions; develop, acquire, install, and utilize technology and systems for the purposes of collecting, validating, and verifying information, processing and maintaining information, and disclosing and providing information; adjust the existing ways to comply with any previously applicable instructions and requirements; train personnel to be able to respond to a collection of information; search data sources; complete and review the collection of information; and transmit or otherwise disclose the information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. The OMB

control numbers for EPA's regulations in title 40 of the CFR, after appearing in the Federal Register, are listed in 40 CFR part 9 and included on the related collection instrument or form, if applicable. The OMB control numbers for HUD regulations appear with the regulations.

The Agency has established a public docket for this ICR under Docket ID No. EPA-HQ-OPPT-2006-0969, which is available for online viewing at www.regulations.gov, or in person viewing at the Pollution Prevention and Toxics Docket in the EPA Docket Center (EPA/DC). The EPA/DC Public Reading Room is located in the EPA West Building, Room 3334, 1301 Constitution Ave., NW., Washington, DC. The EPA/DC Public Reading Room is open from 8:30 a.m. to 4:30 p.m., Monday through Friday, excluding legal holidays. The telephone number for the EPA/DC Public Reading Room is (202) 566-1744, and the telephone number for the Pollution Prevention and Toxics Docket is (202) 566-0280. You may submit comments regarding the Agency's need for this information, the accuracy of the provided burden estimates and any suggested methods for minimizing respondent burden, including the use of automated collection techniques.

Submit your comments, referencing Docket ID No. EPA-HQ-OPPT-2006-0969 and OMB Control No. 2070-0151, to (1) EPA online using www.regulations.gov (our preferred method), or by mail to: Document Control Office (DCO), Office of Pollution Prevention and Toxics (OPPT), Environmental Protection Agency, Mail Code: 7407T, 1200 Pennsylvania Ave., NW, Washington, D.C. 20460, and (2) OMB by mail to: Office of Information and Regulatory Affairs, Office of Management and Budget (OMB), Attention: Desk Officer for EPA, 725 17th Street, NW, Washington, DC 20503.

ATTACHMENTS TO THE SUPPORTING STATEMENT

Attachments to the supporting statement are available in the public docket established for this ICR under docket identification number EPA-HQ-OPPT-2006-0969. These attachments are available for online viewing at www.regulations.gov or otherwise accessed as described in section 6(f) of the supporting statement.

- Attachment 1:** **42 USC 4852d - Section 1018 of the Residential Lead-Based Paint Hazard Reduction Act of 1992.** Also available at online at the US House of Representatives' [US Code website](#)
- Attachment 2:** **40 CFR part 745, Subpart F - Disclosure of Known Lead Based Paint and/or Lead Based Paint Hazards Upon Sale or Lease of Residential Property.** Also available online at the National Archives and Records Administration's [Electronic CFR Website](#)
- Attachment 3:** **24 CFR part 35, Subpart H - Project-Based Assistance.** Also available online at the National Archives and Records Administration's [Electronic CFR Website](#)
- Attachment 4:** **Record of Consultations with Potential ICR Respondents**
- Attachment 5:** **Display Related to OMB Control #2070-0151 -Listings of Related Regulations in 40 CFR 9.1**