

# Paperwork Reduction Act Submission

Please read the instruction before completing this form. For additional forms or assistance in completing this forms, contact your agency's Paperwork Reduction Officer. Send two copies of this form, the collection instrument to be reviewed, the Supporting Statement, and any additional documentation to: Office of Information and Regulatory Affairs, Office of Management and Budget, Docket Library, Room 10102, 725 Seventeenth St. NW, Washington, DC 20503.

<p>1. Agency/Subagency Originating Request:  <b>U.S. Department of Housing and Urban Development</b>                  Office of Single Family Program Development</p>	<p>2. OMB Control Number:                  a. <b>2502-0561</b>      b. <input checked="" type="checkbox"/> None</p>																		
<p>3. Type of information collection: (check one)</p> <p>a. <input type="checkbox"/> New Collection</p> <p>b. <input type="checkbox"/> Revision of a currently approved collection</p> <p>c. <input checked="" type="checkbox"/> Extension of a currently approved collection</p> <p>d. <input type="checkbox"/> Reinstatement, <b>without change</b>, of previously approved collection for which approval has expired</p> <p>e. <input type="checkbox"/> Reinstatement, <b>with change</b>, of previously approved collection for which approval has expired</p> <p>f. Existing collection in use without an OMB control number</p> <p>For b-f, note item A2 of Supporting Statement instructions.</p>	<p>4. Type of review requested: (check one)</p> <p>a. <input checked="" type="checkbox"/> Regular</p> <p>b. <input type="checkbox"/> Emergency - Approval requested by</p> <p>c. <input type="checkbox"/> Delegated</p> <p>5. Small entities: Will this information collection have a significant economic impact on a substantial number of small entities?  <input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No</p> <p>6. Requested expiration date:                  a. <input checked="" type="checkbox"/> Three years from approval date    b. <input type="checkbox"/> Other (specify)</p>																		
<p>7. Title:  <b>Energy Efficient Mortgages</b></p>																			
<p>8. Agency form number(s): (if applicable)                  92903.</p>																			
<p>9. Keywords:                  Housing, Mortgages, Energy Efficient</p>																			
<p>10. Abstract:                  Lenders provide information required to determine the eligibility of a mortgage to be insured under Section 513 of the Housing and Community Development Act of 1992 (Section 106 of the Energy Policy Act of 1992).</p>																			
<p>11. Affected public: (mark primary with "P" and all others that apply with "X")</p> <p>a. Individuals or households      e. Farms</p> <p>b. <b>P</b> Business or other for-profit      f. <b>X</b> Federal Government</p> <p>c. Not-for-profit institutions      g. State, Local or Tribal Government</p>	<p>12. Obligation to respond: (mark primary with "P" and all others that apply with "X")</p> <p>a. Voluntary</p> <p>b. <b>P</b> Required to obtain or retain benefits</p> <p>c. Mandatory</p>																		
<p>13. Annual reporting and recordkeeping hour burden:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;">a. Number of respondents</td> <td style="text-align: right;">1,066</td> </tr> <tr> <td>b. Total annual responses</td> <td style="text-align: right;">5,718</td> </tr> <tr> <td>    Percentage of these responses collected electronically</td> <td style="text-align: right;">100%</td> </tr> <tr> <td>c. Total annual hours requested</td> <td style="text-align: right;">4,229</td> </tr> <tr> <td>d. Current OMB inventory</td> <td style="text-align: right;">2,310</td> </tr> <tr> <td>e. Difference (+,-)</td> <td style="text-align: right;">+1,919</td> </tr> <tr> <td colspan="2">f. Explanation of difference:</td> </tr> <tr> <td>    1. Program change:</td> <td></td> </tr> <tr> <td>    2. Adjustment:</td> <td style="text-align: right;">1,919</td> </tr> </table>	a. Number of respondents	1,066	b. Total annual responses	5,718	Percentage of these responses collected electronically	100%	c. Total annual hours requested	4,229	d. Current OMB inventory	2,310	e. Difference (+,-)	+1,919	f. Explanation of difference:		1. Program change:		2. Adjustment:	1,919	<p>14. Annual reporting and recordkeeping cost burden: (in thousands of dollars)                  Do not include costs based on the hours in item 13.</p> <p>a. Total annualized capital/startup costs</p> <p>b. Total annual costs (O&amp;M)</p> <p>c. Total annualized cost requested</p> <p>d. Total annual cost requested</p> <p>e. Current OMB inventory</p> <p>f. Explanation of difference:</p> <p>    1. Program change:</p> <p>    2. Adjustment:</p>
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<p>15. Purpose of Information collection: (mark primary with "P" and all others that apply with "X")</p> <p>a. <b>P</b> Application for benefits      e. Program planning or management</p> <p>b. Program evaluation      f. Research</p> <p>c. General purpose statistics      g. Regulatory or compliance</p> <p>d. Audit</p>	<p>16. Frequency of recordkeeping or reporting: (check all that apply)</p> <p>a. <input checked="" type="checkbox"/> Recordkeeping      b. <input type="checkbox"/> Third party disclosure</p> <p>c. <input checked="" type="checkbox"/> Reporting:</p> <p>    1. <input checked="" type="checkbox"/> On occasion      2. <input type="checkbox"/> Weekly      3. <input type="checkbox"/> Monthly</p> <p>    4. <input type="checkbox"/> Quarterly      5. <input type="checkbox"/> Semi-annually      6. <input type="checkbox"/> Annually</p> <p>    7. <input type="checkbox"/> Biennially      8. <input type="checkbox"/> Other (describe)</p>																		
<p>17. Statistical methods:                  Does this information collection employ statistical methods?  <input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No</p>	<p>18. Agency contact: (person who can best answer questions regarding the content of this submission)                  Name: Kenneth Walker                  Phone: (202) 402-2073</p>																		

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## 19. Certification for Paperwork Reduction Act Submissions

On behalf of the U.S. Department of Housing and Urban Development, I certify that the collection of information encompassed by this request complies with 5 CFR 1320.9.

**Note:** The text of 5 CFR 1320.9, and the related provisions of 5 CFR 1320/8(b)(3) appears at the end of the instructions. The certification is to be made with reference to those regulatory provisions as set forth in the instructions.

The following is a summary of the topics, regarding the proposed collections of information that the certification covers:

- (a) It is necessary for the proper performance of agency functions;
- (b) It avoids unnecessary duplication;
- (c) It reduces burden on small entities;
- (d) It uses plain, coherent, and unambiguous terminology that is understandable to respondents;
- (e) Its implementation will be consistent and compatible with current reporting and recordkeeping practices;
- (f) It indicates the retention periods for recordkeeping requirements;
- (g) It informs respondents of the information called for under 5 CFR 1320.8(b)(3):
  - (i) Why the information is being collected;
  - (ii) Use of the information;
  - (iii) Burden estimate;
  - (iv) Nature of response (voluntary, required for a benefit, or mandatory);
  - (v) Nature and extent of confidentiality; and
  - (vi) Need to display currently valid OMB control number;
- (h) It was developed by an office that has planned and allocated resources for the efficient and effective management and use of the information to collected (see note in item 19 of the instructions);
- (i) It uses effective and efficient statistical survey methodology; and
- (j) It makes appropriate use of information technology.

If you are unable to certify compliance with any of these provisions, identify the item below and explain the reason in item 18 of the Supporting Statement.

Signature of Program Official:  Michael E. Winiarski, Deputy Director, Organizational Policy, Planning and Analysis Division, HROA	Date:
Signature of Senior Officer or Designee:  Lillian L. Deitzer, Departmental Reports Management Officer Office of the Chief Information Officer	Date:

# Supporting Statement for Paperwork Reduction Act Submissions

## A. Justification

1. Section 106 Energy Policy Act of 1992 (42 U.S.C 12712) provides FHA with the authority to insure mortgages where the costs of energy efficient improvements are incorporated into the mortgage. To be eligible, the statute requires that the improvements be cost effective, which is determined pursuant to a home energy rating report. The statute also defines what cost effective means: the total cost of the improvements (including any maintenance and repair expenses) being less than the total present value of the energy saved over the useful life of the improvement.
2. The information collected is used to determine eligibility for FHA mortgage insurance under the Energy Efficient Mortgage (EEM) program. Lenders are responsible for reviewing the documents submitted and determining the cost effectiveness of the improvements so they can be added to the base loan amount. The borrower cannot obtain an Energy Efficient Mortgage without providing this information. Specifically, the information includes the Home Energy Rating report (HERS Report), completed by the energy rater or consultant, which describes the energy improvements that can be made to the home; guidance provided to the lender for determining the cost effectiveness of the energy package; an attestation of the Direct Endorsement Underwriter for TOTAL, which requires an underwriter to attest on the Mortgage Credit Analysis Worksheet that he or she has reviewed the determinations made regarding the energy improvements and found the mortgage and the property to be in compliance with FHA's guidelines; and information that the work has been completed and the escrow account has been cleared.

The lender submits information including:

- (a) The Home Energy Rating Report, which describes the energy improvements that can be made to the home;
  1. Address of the Property
  2. Name of client
  3. FHA Case number (if applicable)
  4. Name of Lender (if applicable)
  5. Type of Property
  6. Whether the property is new construction or existing
  7. Date of the physical inspection of the existing property or, for new construction, the date of the plan review.
  8. Description of the current energy features of the property or proposed features if new construction. This must include, at a minimum, a description of the insulation R values in ceilings, walls, and floors; infiltration levels and barriers (caulking, weather-stripping, and sealing); a description of the windows (storm windows, double pane, triple pane, etc.) and doors; and a description of the heating (including water heating) and cooling systems.
  9. Description of the energy package - For existing properties, those cost-effective improvements recommended to improve the energy efficiency of the property. For new construction, those cost-effective improvements to be included in the home that are over and above the requirements of 2000 IECC.
  10. Estimated cost of the energy package, the useful life, and the costs of any maintenance over the useful life of the improvements.
  11. The estimated present annual utility cost before the installation of the energy package (for existing property). For new construction, the estimated annual utility costs of a reference house built to 2000 IECC.
  12. Estimated expected annual utility costs after the installation of the energy package.
  13. Estimated annual savings in utility costs after the installation of the energy package, including the present value of the savings.
  14. Names and signatures of the person(s) who inspected the property and of the person(s) who prepared the report, and the date the report as prepared.
  15. The following Certification, signed by the person(s) who inspected the property and the person(s) who prepared the report:

"I certify to the best of my knowledge and belief, the information contained in this report is true and accurate and I understand that the information in this report may be used in connection with an application for an Energy

Efficient Mortgage to be insured by the Federal Housing Administration of the U.S. Department of Housing and Urban Development."

- (b) The EEM form HUD-92903, which is guidance for calculating cost effectiveness;
- (c) Attestation of DE Underwriter for TOTAL, which requires an underwriter to attest on the Mortgage Credit Analysis Worksheet he or she has reviewed the calculations associated with the energy improvements and found the mortgage and the property to be in compliance with FHA's guidelines; and
- (d) Information that the work has been completed and the escrow account has been cleared.

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ESCROW CLEARANCE SCREEN

Case Number	Escrow Ind Clear/Yes/No	Completion Due Date	Escrow Amount	Messages
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- 3. Hundred percent of escrow close-out are submitted electronically through the Department's Internet-based FHA Connection. All other documentation is included in the retained/submitted within the standard case binder. Automation of that process will be managed under the basic FHA mortgage management process.
- 4. No duplication exists. The information collected is unique to energy efficient mortgages
- 5. The information collected does not have a significant economic impact because the estimated burden time is .1 hours and the information is provided by the HERS Report.
- 6. The reporting burden is loan specific and, thus, cannot be conducted less frequently than on every EEM loan submitted to FHA for insurance.
- 7. There are no special circumstances involved in this collection.
- 8. The agency's notice announcing this collection of information appeared in the *Federal Register* on May 19, 2008 (Vol. 73, No. 97, pages 28834 - 28835). No comments were received.

External and internal consultations were conducted by the Department. Patricia Warne underwriter for National City Bank stated that the review of the HUD Form 92903 was not burdensome. Pam Gardner for Freedom Mortgage Corp stated that the small number of Cost Effectiveness Calculation that they have reviewed were not burdensome. Barbara Demichael from Wells Fargo Bank only reviewed one Cost Effectiveness Calculation form and found that it was not a burdensome task. Virginia Holman, Housing Program Specialist, HUD Richmond, the energy raters provide a report that minimize the review for the underwriter.

- 9. There are no payments or gifts to respondents involved.
- 10. There are no assurances of confidentiality provided.
- 11. There are no questions of a sensitive nature.

12. Estimated public burden:

Estimated Number of Respondents, Responses, and Burden Hours Per Annum							
	No. of Respondents	Frequency of Response	Total Responses	Hrs Per Response	Burden Hours	*Cost Per Hour	Total Annual Cost
Home Energy Rating Report	1,066	1	1,066	3.5	3,731	\$20.00	74,620
Cost Effectiveness Determination form 92903	1,066	1	1,066	0.1	106	20.00	2,130
Attestation of DE Underwriter for TOTAL	56	45	2,520	0.05	126	20.00	2,520
EEM Closeout	1,066	1	1,066	0.25	266	20.00	5,330
<b>Totals</b>	<b>1,066</b>		<b>5,718</b>		<b>4,229</b>		<b>84,600</b>

\* Hourly rate is based on an average annual salary of \$40,000 for lender personnel.

13. There are no additional costs to respondents.

14. Estimated annualized costs to the Federal government.

	Hrs Per Response	Total Hrs	*Cost Per Hr	Total Annual Cost
Review Home Energy Rating Report	0.1	106	\$40.00	\$4,240
Cost Effectiveness Determination form 92903	0.1	106	40.00	4,240
Attestation of DE Underwriter for TOTAL	0.05	15	40.00	450
EEM Closeout	0.25	266	40.00	4,500
<b>Totals</b>				<b>\$10,640</b>

\* Hourly rate is based on an average annual salary of a GS-12. Estimate is based on HUD's review of EEMs. Total hours are based on multiplying the number of total respondents by the hours per annual response (.1 x 1,066 = 106). Total annual cost is calculated by multiplying total hours by cost per hour (106 x 40 = 4,240).

15. This is an extension of a currently approved collection OMB approval. Section 154 of the Energy Policy Act of 2005 FHA's Energy Efficient Mortgage helps homeowners reduce energy costs by providing a means of finance energy improvements during time-of-sale, refinancing, and rehabilitation transactions. An EEM enables homebuyers to borrow a minimum of \$4,000 and a maximum of 5 percent (up to \$8,000) of the home's appraised value to finance energy efficiency improvements. Cost-effective energy improvements result in lower utility bills, thereby freeing up additional household income for mortgage payments. There was an increase in the number of homeowners' participants in the Energy Efficient Mortgages, new home purchase and rehabilitation transactions. Additionally, the 2005 submission inaccurately reported the number of responses as 620 instead of what was displayed in the table for Item 12. The number of responses in 2005 should have been reported on the OMB 83-I as 2,100.

16. This information will not be published.

17. HUD is not seeking not to display the expiration date.

18. There are no exceptions to the certification in item 19.

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**B. Collections of Information Employing Statistical Methods**