

Supporting Statement for Paperwork Reduction Act Submissions

Supporting Statement for Form HUD-92330 Mortgagor's Certificate of Actual Cost

JUSTIFICATION

1. The Office of Housing seeks to extend the OMB Clearance approval 2502-0112. Section 227 of the National Housing Act (P.L. 479, 48 Stat. 12 USC, 1701 et. seq), along with sections 200.95 and 891.545, applicable portions of which are attached for reference, requires the certification of costs upon completion of improvements and prior to final endorsement of a mortgage. Section 814 of the Housing Act of 1954 (P.L. 560, 68 Stat., 590, 647, 12 USC, 1701 et. seq) requires the mortgagor to create and maintain records for auditing project costs.
2. Form HUD-92330 is used by mortgagees to obtain data from a mortgagor relative to the actual cost of a project. The mortgagor is required to certify to HUD the project's actual cost by submitting the form. HUD uses the cost information to determine the maximum insurable mortgage for final endorsement of an insured mortgage. Actual cost is defined in section 227(c) of the National Housing Act. Form HUD-92330 must be accompanied by an audited balance sheet certified by an accountant unless the project has less than 40 units, or if it is a refinancing or a purchase of an existing project under 207/223f or 232/223f. Failure to receive and review the cost certification data could result in the Department's over insurance of a mortgage in the violation of the law.
3. In an effort to automate, the form HUD-92330 is now in a PDF fillable format available on HUDCLIPS. The form may be completed online and if the respondents have the capability of electronic signature, they can email the completed form to the mortgagee for review. The principal sponsors and the general contractor complete the form. The lender/mortgagee then submits the form to HUD on the behalf of the borrower by email and a determination of acceptability/unacceptability is made. Field office staff enters the information into the Development Application Processing (DAP) system.
4. Form HUD-92330 does not result in the duplication of information. This form is required to be submitted only once and the Department has no other form that requires this type of information.
5. By requiring this information only once upon completion of the project, the Department minimizes the burden on small businesses.
6. The data is used to verify the mortgagor's percentage of approved costs. Failure to review the cost certification data would result in over insurance of the mortgage in violation of the law and possible claims against the FHA Insurance Fund.
7. There are no special circumstances involved in this collection.
8. The collection of information was announced in the Federal Register on April 21, 2011/ Vol. 76, No. 77 ; pages 22410. There were no comments received.

HUD is in constant contact with lenders regarding all phases of project applications. Ad hoc comments are taken into consideration in developing processing requirements. Input regarding public burden was received from HUD field staff.

9. No payments or gifts are provided to respondents.

- 10. No assurances of confidentiality have been provided beyond those provisions of the Privacy Act and Freedom of Information Act.
- 11. The collection does not contain information of a sensitive nature.
- 12. Based on an assessment of the number of projects endorsed under various sections of the Act over the last three years, HUD estimates there will be approximately 500 respondents required to submit form HUD-92330 once the project is completed.

	Number of Respondents	Frequency of Response	Total Responses	Hours per Response	Total Annual Burden	Hourly Rate	Total Annual Costs
Form HUD 92330, including audited balance sheet	419	1	419	8	3,352	\$30.00	\$100,560

The hourly rate is based on an estimated average annual salary for managers of \$62,400.

- 13. There is no annual cost burden to respondents resulting from the collection of information.

14. Projected Annual Costs to the Federal Government

	Number of Respondents	Frequency of Response	Total Responses	Hours per Response	Total Annual Burden	Hourly Rate	Total Annual Costs
Form HUD 92330, including audited balance sheet	419	1	419	8	3,352	\$41.00	\$137,432

The hourly rate is based on the rate of pay for a GS-12/5.

- 15. There are no program changes or adjustments in the collection.
- 16. The collection of information is not scheduled for publication.
- 17. HUD will not seek approval to avoid displaying OMB expiration date.
- 18. There are no exceptions to the certification statement.

B. Collection of Information Employing Statistical Methods.

This collection does not employ statistical methods.