

SUPPORTING STATEMENT
For
Interstate Land Sales Full Disclosure Requirements
OMB Control Number 2502-0243

A. Justification

1. The Interstate Land Sales Full Disclosure Act requires land developers to register subdivisions or condominiums of 100 or more non-exempt lots or units and to provide each purchaser with a disclosure document designated as a property report, 15 U.S.C. 1703-1704. The Act protects consumers from fraud and abuse in the sale or lease of land, and was enacted in response to a nation-wide proliferation of developers of unimproved subdivisions who made elaborate, but fraudulent, claims about their land to unsuspecting lot purchasers. Information is submitted to HUD to assure compliance with the Act and the implementing regulations. HUD investigates developers who are not in compliance with the regulations.

A copy to the appropriate section of each statute and regulation mandating or authorizing the collection of information is attached.

Registration of Projects – 24 CFR 1710.100 - 1710.219 and 15 U.S.C. 1701

Property Reports Receipts for Lots Sold in Registered Projects – 24 CFR 1710.118 and 15 U.S.C. 1707(a)

Financial Statements (FS) – 24 CFR 1710.212(d) & 24 CFR 1710.112 and 15 U.S.C. 1705

Annual Reports for Registered Projects (AR) – 24 CFR 1710.310 and 15 U.S.C. 1705

Exemption Filing (including Multiple Site Exemption Projects) – 24 CFR 1710.15 & 1710.16 and 15 U.S.C. 1702(c)

Lot Information Statement and Property Report Receipts for Multiple Site Exemption Projects – 24 CFR 1710.15 and 15 U.S.C. 1702(c)

Annual Report for Exempted Projects – 24 CFR 1710.15(d) and 15 U.S.C. 1701

Advertising Disclaimers (AD) – 24 CFR 1715.50(a)

Restrictive Covenants – 24 CFR 1710.109(f)(1)(iii)

Voluntary Suspension Form – 24 CFR 1710.22

2. The respondents are developers (or attorneys or others who work for them). Developers must submit an initial Statement of Record (registration) to HUD and receive an effective date before they can offer lots for sale or lease. The Statement of Record includes the proposed property report and additional information and documents that support the developer's disclosures in the property report. The developer is responsible for ensuring that the registration is accurate and does not omit information needed for a purchaser to make an informed decision. Developers must give purchasers an effective property report before the purchaser signs the sales contract. Developers must submit amendments to their registrations if any information in their initial registration changes. They must also submit a consolidated filing if they offer additional lots for sale. Each year the developer must submit an annual financial statement and an annual report that is prepared in the format required by Section 1710.310 of the regulations. A developer may voluntarily suspend his registration by submitting a Voluntary Suspension form or through the Annual Report. There are no other forms. HUD reviews the submissions to ensure compliance with the provisions of the Act. The developer may request an Advisory Opinions if a developer has questions about the applicability of one of the exemptions from registration. HUD determination is required only if a developer claims an exemption from registration under the multiple site or substantial compliance exemption. The other 24 exemptions are self determining. Finally, HUD may require additional information from developers in response to investigations of complaints.

The Voluntary Suspension form (HUD 762) is included in this package. The form is voluntary and is a convenient way for developers to voluntarily suspend their registration. The form is not required or the only way that developers may close their registration. They may also end their registration through their annual report.

3. Ninety-nine percent of the transactions in this information requirement are constituted by third-party disclosures during land sales transactions. Approximately 50% prepare documents electronically and 75% advertise or display the property report on the web. Of registrations submitted to HUD approximately ten percent are submitted on CD or e-mail.

4. The State Certification Program is an effort to eliminate duplication. Developers in States that have an equivalent and certified land sales program may file a certified copy of the State filing to meet Federal requirements. In addition, 22 States accept a Federal registration as meeting State disclosure and consumer protection requirements.
5. The collection of this information does not impact small businesses. Developers who have subdivisions of fewer than 100 lots are exempt from registration. Almost all registered subdivisions have gross lot sales in excess of \$2 million.
6. The frequency of the information collection is determined by statute and/or regulation. Less frequent collection of the information would result in a property report not having the current information and purchasers not having proper information on which to base their purchases.
7. There are no special circumstances required by respondents to provide this information.
8. HUD solicited the comments of developers who prepare their own registrations in constructing the estimation of burden hours and costs. The agency notice soliciting comments on the information collection for OMB #2502-0243 was published in the Federal Register on Tuesday, April 12, 2011, Vol. 76, No. 70, page 20365. No comments were received.
9. There are no gifts or payments to respondents.
10. There is no assurance of confidentiality. The information collected is filed with HUD and available to the public.
11. There is no sensitive information being requested.
12. Burden Hours – Estimated Number of Respondents, Responses, and Burden Hours Per Annum

Information Collection	Number of Respondents	Frequency of Response	Responses per Annum	Burden Hrs Per Response	Annual Burden Hours	Hrly Cost Per Response	Registration Fees received 2007	Annual Cost
Annual Report	985	1	807	1	807	1	246000	246807
Annual Financial Statement (unaudited)		1	276	1	276	30		8280
Initial Registration		1	263	60	15780	75	227205	1,410,705
Consolidations		1	207	30	6210	75	168920	634670
Amendments		1	345	5	1725	75	21600	150975
Voluntary Suspension Form		1	63	.08	5	0		0
Exemptions	26	1	26	20	520	75	8500	47500
Third Party Disclosure (Property Report)		100	167400	.10	16740	5		83100
Ads Disclaimer		2	3200	.30	960	0		0
Maintain copy of Covenants Financial Statements and Receipts		100	25110	0	0	0		0
TOTALS	1011		197697	117.48	43023	337		292037

985 Developers have 1674 active registrations. Most developers have financial statements as a matter of business. This is the amount to update the financial statements as required by the regulations.

The property report figure is based on 1674 subdivisions and 100 reports reproduced for each subdivision.

26 respondents requested an exemption order or an advisory opinion.

Developers are required to give each purchaser a copy of the covenants and financial statements by state law. There are no additional costs to the respondents. The receipt page is a part of the property report.

13. Estimates of Annualized Cost of the Federal Government.

Information Collection	Number of Respondents	Frequency of Response	Responses per Annum	Burden Hrs Per Response	Annual Burden Hrs	Hrly Cost Per Response	Annual Cost
Registrations	985	2	1961	4	7844	225	1764900
Compliance-complaints, investigations, etc.	534	1	534	16	8544	45	384480
TOTALS	1519						2,149,380

The hourly rate is based on the GS-13 scale. Annual Cost is partially offset by registration fees. The program office received registration fees of \$680759

- 15. This is an extension of an approved collection. There have been no changes since the last submission, however, estimates in property reports have increased from 50 to 100 which results in an increase in responses and burden hours.
- 16. The results of the information collection will not be published.
- 17. HUD is not seeking approval to avoid displaying the expiration date.
- 18. There are no exceptions to the certification statement identified in item 19 of the OMB 83-I.

B. Collections of Information Employing Statistical Methods

The collection of information does not employ statistical methods.