

# Supporting Statement for Paperwork Reduction Act Submissions

## SUBTERRANEAN TERMITE TREATMENT BUILDER'S CERTIFICATION AND GUARANTEE, AND THE NEW CONSTRUCTION SUBTERRANEAN TERMITE SOIL TREATMENT RECORD OMB Control Number 2502-0525 (HUD-NPCA-99-A & HUD-NPCA-99-B)

### A. JUSTIFICATION

1. HUD regulations at 24 CFR 200.926d(b)(3) require that the sites for HUD insured structures must be free of termite hazards. The HUD-NPCA-99-A requires the builder to certify that all required treatment for termites was performed by an authorized pest control company and further that the builder guarantees the treated area against infestation for one year. The form HUD-NPCA-99-B requires a licensed pest control company to provide to the builder a record of specific treatment information in those cases when the soil treatment method is used for prevention of subterranean termite infestation. When applicable the HUD-NPCA-99-B must accompany the HUD-NPCA-99-A.
2. Builders, pest control companies, mortgage lenders and homebuyers are the respondents, and HUD as a record of treatment for specific homes will use the information collected. The information collection requires significantly fewer hours than previously requested because the economy is struggling and home builders are not able to sell or build as many homes as in previous years FHA insured 66,000 new homes from July 2006 to July 2007. Since then the number of new homes insured in the same period for the successive 4 years is less than half of the prior year. Bottoming out at 6,067 for the period July 2010-July 2011. FHA expects that as the economy recovers over the next few years that new home construction will pick up and that borrowers will select FHA insured financing to purchase them and the burden hours are based on those expectations. From September 2013-September 2014, FHA insured 20,901 new homes.
3. The collection of the requested information does not involve the use of automated, electronic, mechanical or other forms of information technology. The form requires the signature of the builder and must be submitted as part of the case binder for FHA endorsement. The forms are available on the HUD website in a .pdf fillable format that can be saved and submitted electronically.
4. The collected information is not duplicative.
5. A number of builders and pest inspectors operate as small businesses, however due to the very limited amount of time required in the collection the impact on small business is deemed minimal.
6. If the requested data is not collected, new home purchasers and HUD are subject to the risk of purchasing or insuring a home that could be immediately infested by termites and would have no recourse against the builder.
7. No special circumstances are envisioned that would cause the information collection to be conducted in any of the enumerated manners.
8. Information collected is conducted in a manner consistent with the guidelines of 5 CFR 1320.8 (d). The Notice announcing this collection of information appeared in the Federal Register on Friday, October 24, 2014; Vol. 79, No. 206, Page 63636). No Comments were received.

There were consultations with HUD staff in three of the HUD Homeownership Centers.

- a. Branch Chief Bobbie Borland of the Santa Ana, CA Homeownership Center, (714) 796-1200
  - b. Marcia Duke of the National Pest Management Association, (703) 352-6762
  - c. Branch Chief Gregory Schroeder of the Denver Homeownership Center, (303) 839-2660
-

The above HUD staff stated that on post technical review termite treatment forms are reviewed in each endorsed case binder for new construction loans. NPMA verified that the forms are industry standards and are necessary for new construction.

- 9. No payments or gifts are to be provided to respondents.
- 10. Confidentiality is not assured for the data involved.
- 11. There are no sensitive questions involved in this collection.
- 12. Respondent burden & costs:

<u>Information Collection</u>	<u>Number of Respondents</u>	<u>Frequency of Response</u>	<u>Responses Per Annum</u>	<u>Burden Hour Per Response</u>	<u>Annual Burden Hours</u>	<u>Hourly Cost Per Response</u>	<u>Annual Cost</u>
HUD-NPCA-99-A	15,000	1	30,000	.083	2,490	\$24.00	\$59,760
HUD-NPCA-99-B	<u>15,000</u>	1	<u>30,000</u>	.25	<u>7,500</u>	\$24.00	<u>\$180,000</u>
<b>Totals</b>	<b>30,000</b>		<b>60,000</b>		<b>9,990</b>		<b>\$239,760</b>

13. There are no additional costs to the respondents.

14. Annual Cost to the Federal Government:

Information Collection	Number of Responses	Hours per Response	Total Annual Hours	Hourly Cost	Total Annual Cost
HUD-NPCA-99-A	6,000	1		\$34.34	\$5,966
HUD-NPCA-99-B	6,000	1		\$34.34	\$5,966

Estimated hourly cost is based on the annual salary of a GS-13 Project Manager for reviewing the information for approximately 10% of all FHA insured loans per year.

- 15. This is an extension of a currently approved collection. The collection burden hours are estimated to remain the same because although new home construction industry had experienced significant losses in the past the industry has rebounded and the number of burden hours are based on the rebound numbers.
- 16. The information collected will not be published.
- 17. HUD is not seeking approval to avoid displaying the expiration date for this OMB approval.
- 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.**

This information collection does not employ statistical methods.