

Supporting Statement for Paperwork Reduction Act Submissions

Compliance Inspection Report / Mortgagee's Assurance of Completion

OMB Control Number 2502-0189

Compliance Inspection Report – HUD-92051

Mortgagee's Assurance of Completion – HUD-92300

A. Justification

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

This request for OMB review seeks to renew a previously approved collection of Form HUD-92051, Compliance Inspection Report, and Form HUD-92300, Mortgagee's Assurance of Completion (OMB Control Number 2502-0189). The information collected on these forms is needed to ensure newly built homes financed with FHA mortgage insurance are constructed in accordance with acceptable building standards and that deficiencies found in newly constructed and existing dwellings are corrected.

Sections 203(a) of the National Housing Act (Pub. L. 479, -48 Stat. 1246; 12 U.S.C. 1701, 1709) authorizes the Secretary of the Department of Housing and Urban Development to insure qualified financial institutions against losses incurred on FHA loans.

- 2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

For existing construction sites, the property appraiser requires the repair of physical defects to assure that the property is livable, durable, and safe for habitation. This repair requirement is a condition of the conditional commitment and must be cleared by a final inspection before mortgage insurance endorsement. Form HUD-92051 is used in this inspection process. Subsection 203(a) of the National Housing Act authorizes the Secretary to use his/her discretion with respect to handling repairs. Form HUD-92051 is also used for the inspection of proposed construction cases. HUD requires three inspections to assure compliance with the conditions of the conditional commitment. A clear final inspection must be obtained on all proposed construction cases in jurisdictions where the local building authority issues final inspections. HUD will accept local government inspections in jurisdictions that issue building permits prior to inspections and Certificates of Occupancy (or equivalents) in lieu of the three inspections performed by fee inspectors. Approximately 80 percent of the proposed cases are estimated now to be insured under the local government provision.

The property inspector or appraiser documents any findings using Form HUD-92051 (Compliance Inspection Report). The form provides categories for the inspector or appraiser to report the status of repair requirements on existing or proposed construction cases. This report becomes a part of the case file and a copy is provided to the lender. Section IV of Form HUD-92051 indicates three categories of designations that HUD will assign as a result of the inspection. Category B, Compliance Incomplete Items, specifies that a "Mortgagee's Assurance of Completion" may be

submitted. Form HUD-92300, when completed by the mortgagee, assures the Commission that the items set forth in the inspection will be completed by the required date.

- 3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also, describe any consideration of using information technology to reduce burden.**

HUD employs alternative procedures, such as mortgage certifications, to expedite various aspects of the mortgage insurance processing activities. However, all field inspections must be performed to ensure that all serious defects have been corrected. No other feasible method exists to protect the Department from risk. The failure to inspect repair work on existing and proposed construction would create considerable problems for the Department (by increasing risk) and for the home buying public (by affecting the quality of housing). To the extent that the information collection can be automated, the Department provides the forms to collect the required information in a fillable pdf format. Most appraisers, inspectors, and lenders who complete the forms have software provided by private companies that automates the forms and transfers the data electronically to the lender. Automated software accounts for at least 90% of the forms being submitted electronically.

The information requested from the inspector or appraiser is the only means of obtaining a written report that consistently provides the HUD reviewer with the necessary facts and evidence of compliance with HUD requirements. Automation of the collection is not feasible because of the actual need to visit the property to determine any deficiencies. Also, multiple copies of the forms must be distributed, and the originals must be maintained for the term of the mortgage.

- 4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

Because of the uniqueness of each case, information gathered or applicable to another property or properties cannot be used.

- 5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize sales.**

Many fee inspectors and appraisers operate as small businesses. However, due to the very limited amount of time involved in the information collection, the impact on a small business is deemed minimal.

- 6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

In the past, HUD staff performed all inspections and obtained the assurance of completion necessary for insurance endorsement. More recently, fee inspectors and appraisers selected by lenders perform these services. Approximately 5,892 fee inspectors and 43,617 appraisers participate in FHA's programs. No financial relationship exists between these individuals and HUD. Mortgagees make payments for services rendered. Inspections are performed only once for each HUD insured mortgage. If this collection was conducted any less frequently, the process that HUD utilizes for property inspection and buyer assistance would be deficient.

7. **Explain any special circumstances that would cause an information collection to be conducted in a manner:**

- **requiring respondents to report information to the agency more often than quarterly;**

No special circumstances are noted that would cause this information collection to be conducted in an unusual manner that would require respondents to report information to the agency more often than quarterly.

- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**

- No special circumstances are noted that would cause this information collection to be conducted in an unusual manner that would require respondents to prepare and submit a written response in less than 30 days after receipt of the information obtained on the forms. Both forms are directly related to the processing of mortgages for homes that require FHA mortgage insurance. Therefore, the forms are likely to be completed within 30 days to minimize any delay in processing.

- **requiring respondents to submit more than an original and two copies of any document;**

No special circumstances are noted that would require respondents to submit more than an original and two copies of any document.

- **requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records, for more than three years;**

No special circumstances are noted that would require respondents to retain records for more than three years.

- **in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**

No special circumstances are noted in connection with a statistical survey that is not designed to produce valid and reliable results that can be generalized to the universe of study.

- **requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**

No special circumstances are noted requiring the use of a statistical data classification that has not been reviewed and approved by OMB.

- **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**

No special circumstances are noted that include a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data

security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use.

- **requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

No special circumstances are noted that would require respondents to submit proprietary trade secrets, or other confidential information.

- 8. If applicable, provide a copy and identify the date and page number of publications in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and burden. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported. Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years – even if the collection of information activity is the same as the prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.**

In accordance with the guidelines in 5 CFR 1320.8(d), HUD published a notice soliciting comments for information collection OMB Control No. 2502-0189 in the Federal Register on Tuesday, February 25, 2020 (Volume 85, Number 37, Page 10713). No comments were received.

The agency contacted the four Home Ownership Centers to ascertain how often certain sections on the forms were used. The following individuals were contacted:

Carl Heckman, Atlanta Homeownership Center, Carl.E.Heckman@hud.gov
Amy Trujillo, Denver Homeownership Center, Amy.K.Trujillo@hud.gov
Donald Doan, Santa Ana Homeownership Center, Donald.D.Doan@hud.gov
Michael McArdle, Philadelphia Homeownership Center, Michael.H.McArdle@hud.gov

- 9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.**

No gifts or other types of payments are made to respondents. No financial relationship exists between the private inspectors serving on fee panels who prepare the HUD-90251 or the HUD-92300 and HUD. The mortgagees make payments for services rendered.

- 10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.**

The information collection takes into consideration the need to assure data confidentiality.

- 11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.**
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This information collection does not contain any questions of a sensitive nature or other matters that are commonly deemed private.

12. Provide estimates of the hour burden of the collection information. The statement should:

- **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.**
- **If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in item 13 of OMB Form 83-I.**
- **Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 13.**

Estimate of public burden.

Information Collection	Number of Respondents	Frequency of Responses	Responses per Year	Average Burden Hours per Response	Annual Burden Hours	Hourly Cost per Response	Total Annual Cost
HUD-92051	1,483	7.27	10,781	0.25	2,695	\$44.33	119,469
HUD-92300	1,483	4.27	6,332	0.10	633	\$44.33	28,061
TOTALS	2,966		17,113		3,328		147,530

The hourly cost per response of \$44.33 is based on a national estimate for the mean hourly wage of a Home Inspector reported by the Department of Labor and a 1.46 multiplier to reflect a fully-loaded wage rate. See occupation 47-4011 Construction and Building Inspector at:

https://www.bls.gov/oes/current/oes_nat.htm.

13. Provide an estimate for the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

No additional costs are incurred by respondents or recordkeepers resulting from the collection of information. Any efforts to retain documents would occur as part of customary and usual business practices and would post no additional cost burden for respondents or recordkeepers.

- **The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the**

discount rate(s), and the time period over which costs incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.

No costs are incurred for (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component.

- **If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collections services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.**

No costs are incurred for purchasing or contracting out information collections services; therefore, no cost estimates are expected to vary widely.

- **Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information to keep records for the government, or (4) as part of customary and usual business or private practices.**

No costs are incurred for purchases of equipment or services, or portions thereof; therefore, no estimates are needed.

14. Provide estimates of annualized costs to the Federal Government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies may also aggregate cost estimates from Items 12, 13, and 14 in a single table.

	Number of Responses	Hours Per Response	Annual Burden Hours	Hourly Cost Per Response	Total Cost
All forms and responses submitted to HUD	17,113	0.2	3,423	\$66.25	\$226,774

The hourly cost per response of \$66.25 is based on a national estimate for the mean hourly wage of a Management Analyst as reported by the Department of Labor and a 1.46 multiplier to reflect a fully-loaded wage rate. See occupation 13-1111 Management Analyst at: https://www.bls.gov/oes/current/oes_nat.htm.

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.

This is an extension of a currently approved package. The number of burden hours decreased due to the decrease in number of newly constructed homes and home repairs since the previous renewal of this collection.

B. Collections of Information Employing Statistical Methods

Not applicable. The collection of information does not employ statistical methods.
