

Paperwork Reduction Act Submission

Supporting Statement for Paperwork Reduction Act Submissions

Local Appeals to Single-Family Mortgage Limits OMB Control Number 2502-0302

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.

Section 203 of the National Housing Act (12 U.S.C. 1709) authorizes the Secretary of Department of Housing and Urban Development (HUD) to insure single family mortgages offered to him and sets eligibility parameters. The parameters include limits to the mortgage amounts that Federal Housing Authority (FHA) may insure, which is governed by section 203(b)(2) of the National Housing Act and section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)).

The parameters for mortgage limits are tied to median home prices reflected in the sales price data for home sales across the country. The statutes are codified at 24 CFR Sec. 203.18b and include an appeal process from the public. Any interested party may submit a request for the mortgage limits to be increased in a particular area if they believe that the present limit does not accurately reflect the median house prices in that locale. Any request for an increase must be accompanied by sufficient housing sales price data to justify higher limits. Typically, this data includes housing sales data extracted from multiple listing services (MLS) that includes all or nearly all one-family dwelling and condominium sales in the area for a specified period of time and those involving two or more family units.

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.

These requests are usually submitted by housing industry groups, such as homebuilders, real estate professionals, and mortgage lenders. Most often, the housing sales price data is necessary to support a request for a higher mortgage limit, which may be obtained from existing local industry sources, such as the MLS.

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.

All requests are submitted by mail exclusively to FHA's Santa Ana Homeownership Center (HOC), located in Santa Ana, California.

4. Describe the effort 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.

No similar information is available. Each request for appeal of FHA's loan limits contains supporting documentation for a specific jurisdiction, county, township, etc.

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 burden.

This information collection will have no significant impact on small businesses or other small entities. Generally, the requests come to HUD from housing industry groups, such as homebuilders, real estate professionals, and mortgage lenders, and not from small entities.

6. Describe the consequences 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.

This information is collected only when a housing industry group submits an appeal to the current year's loan limit.

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;
 - respondents are not required to report information more than quarter.
- * requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;
 - respondents are not required to prepare a written response in less than 30 days.
- * requiring respondents to submit more than an original and two copies of any document;
 - respondents are not required 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;
 - respondents are not required to retain records 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;
 - respondents are not required to provide a statistical survey.
- * requiring the use of a statistical data classification that has not been reviewed and approved by OMB;
 - respondents are not required to use statistical data not 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
 - respondents are not required to submit information that includes a pledge of confidentiality that is not supported by authority established in a 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.
 - respondents are not required 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.

8. In accordance with 5 CFR 1320.8(d), the agency's notice soliciting public comments was announced in the *Federal Register* on Friday, May 7, 2021 (Vol.: 86, No.:87, Page 24654). No Comments received.

9. There are no payments or gifts to respondents.
10. No assurances of confidentiality are provided to respondents.
11. No questions of a sensitive nature are asked of respondents.
12. Estimate of the respondent burden and cost of the collection of information:

Information Collection	Number of Respondents (Requests from 2018-2020)	Frequency of Response	Responses Per Annum	Burden Hours Per Response	Annual Burden Hours	Hourly Cost	Total Annual Cost
Local Appeals to Mortgage Limits	182	1	182	7	1274	\$32.52	\$41,430.48

The hourly cost is based on an estimate of the average salary of homebuilders, real estate professionals, and mortgage lenders, of approximately \$67,640 per year U.S. Department of Labor, Bureau of Labor Statistics website (https://www.bls.gov/oes/current/oes_nat.htm).

There are 3,233 counties and areas, each with its loan limit that could be appealed. Members of the public that would likely submit an appeal request include FHA-approved lenders (approximately 2,312) and an unknown number of real estate professionals and advocacy groups.

HUD received 182 requests for loan limit increases during years 2018 through 2020. Of these, five appeals were received and analyzed during the calendar year 2018, two in 2019 and 175 in 2020. The increase in 2020 was because out of the 175 appeals received, 173 were from members of the public who sent the same appeal letter. The total volume of appeal requests is low, primarily due to the accuracy of the data and the variety of data sources, allowing HUD efficient and accurate compliance with the legal framework on calculating the limits.

Based on its most recent volume of appeal requests, HUD estimates that it could receive 182 appeals to increase local loan limits. HUD will seek a reduction in regulatory costs and burden and consider a public benefit for allowing any person or entity an opportunity to request an increase to the loan limits based on additional data that may be available.

13. There are no additional costs to respondents or record keepers resulting from this information collection.
14. Federal government burden and cost:

Information Collection	Responses Per Annum 2020-2020	Burden Hour Per Response	Annual Hours	Hourly Cost	Total Annual Cost
Local Appeals to Mortgage Limits	175	2	350	\$50.09	\$17,531.50

The hourly cost is based on the annual salary of a GS-13/1 employee in the Santa Ana HOC, of \$104,182.

During the years 2019 through 2020, HUD received 182 appeal requests, which were evaluated by the HOCs. This count was recently verified by Santa Ana Homeownership Center (HOC).

15. Due to the accuracy and variety of the data HUD uses to set Single Family loan limits, the number of appeals HUD received was low during calendar years 2019 through 2021.
16. The results of this information collection will not be published.
17. 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 collection of information does not employ statistical methods.