

Supporting Statement for Paperwork Reduction Act Submissions

(Project Approval for Single-Family Condominiums)

OMB Control Number 2502-0610

(HUD-9991, FHA Condominium Loan Level Certification/ Single-Unit Approval Questionnaire and Certification, and Instructions; HUD-9992, FHA Condominium Project Approval Questionnaire and Instructions; HUD-92544, Warranty of Completion of Construction; HUD-92541, Builder's Certification of Plans, Specifications, & Site; HUD-96029, Condominium Rider)

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 Information Collection is needed to conform with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35) as 5 CFR 1320 and with the provisions and requirements associated with the Department of Housing and Urban Development's (HUD) authority under the single-family mortgage insurance provisions of the National Housing Act to insure one-family units in a multifamily project, including a project in which the dwelling units are attached, or are manufactured housing units, semi-detached, or detached, and with an undivided interest in the common areas and facilities which serve the project (24 CFR Parts 203). The regulations for Condominium Project Approval and Single-Unit approval are codified in 24 CFR 203, 206 and 234 and detail the parameters regarding the types of condominium projects that are eligible for FHA Approval and the standards individual units that are not in approved projects must meet (Single-Unit Approval).

This collection package seeks to renew and revise collection forms, HUD-9992, *FHA Condominium Project Approval Questionnaire*, which is used to process condominium project approval applications and HUD-9991, *FHA Condominium Loan Level (LL)/Single-Unit Approval (SUA) Questionnaire*, which is used to process individual unit approvals for forward mortgages and Home Equity Conversion (HECM) mortgages. The minor revisions reflect updates to policy. HUD is considering additional policy and technology updates, and has decided to delay the separation of the HUD-9991, *FHA Condominium Loan Level/Single-Unit Approval Questionnaire* into two forms. This will reduce the burden on the industry to accommodate multiple versions of the updated forms.

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.

The HUD-9992, *FHA Condominium Project Approval Questionnaire* and HUD-9991, *FHA Condominium Loan Level/Single-Unit Approval Questionnaire* were published in January 2021 and will expire in July 2024. HUD has decided to delay the adoption of changes to the forms until additional policy and technological considerations can be explored. This will eliminate the burden of multiple system updates by mortgagees and Eligible Submission Sources for minor changes. HUD continues to welcome feedback from the lenders and participants that have been using them for the past three years. The Forms HUD-9991 for individual loan approvals and HUD-9992 for project approval were initially approved for one-year with an effective date of October 15, 2019, and were required starting January 2, 2020. During 2020, the forms were submitted for revision and renewal under the Paperwork Reduction Act (PRA) process. After the 60-day Notice, HUD revised the forms to address public comments on the format, information collected, required documentation, and the certification requirement. The other forms in the collection have not been changed and are used as part of the eligibility determination for FHA insurance.

Form HUD-9992, FHA Condominium Project Approval Questionnaire Condominium Project Approval makes it easier for borrowers to obtain FHA-insured financing for an individual unit in a project. A condominium project approval can be processed by HUD staff through the HUD Review and Approval Process (HRAP) or by approved lenders through the Direct Endorsement Lender Review and Approval Process (DELRAP). Application packages for approval can be submitted by an “Eligible Submission Source,” which may include a Mortgagee, Builder, Developer, Condominium Association, Management Company, Project Consultant, or Attorney acting as an agent for the developer/builder, Condominium Association or Management Company. The *HUD-9992, FHA Condominium Project Approval Questionnaire* is part of the project approval application package under these two review processes. The submitter or Eligible Submission Source is responsible for completing the Form HUD-9992 with information obtained within the last 90 days from verifiable sources, including a condominium association or its assigned management company, public records, independent third parties, or other data sources. To be approvable, the condominium project must meet the eligibility requirements of §203.43b(d) of the regulation. Requirements for approval of a project include concentration of FHA-insured units, owner-occupied units, the amount of commercial/non-residential space, project financials, insurance, and other factors. The information collected on the form and the required documentation are used to determine if the condominium project meets the eligibility requirements for HUD approval. An approved condominium project will be placed on the FHA-approved condominium list for three years unless removal is warranted during that time. Approved condominium projects allow a higher concentration of FHA borrowers and a lower owner-occupancy rate than the Single-Unit Approval process. Units in FHA-approved condominium projects are eligible for FHA-insured financing and require verification of a limited number of requirements.

Form HUD-9991, FHA Condominium Loan Level/ Single-Unit Approval and Certification

The HUD-9991 Loan Level/ Single-Unit Approval form is used for the expedited approval of loans in Approved Projects and for the approval of loans in Condominium Projects not approved by FHA. The HUD-9991 Instructions provide guidance for both approval processes.

Form HUD-9991 for FHA Condominium Loan Level and Certification

Direct Endorsement (DE) lenders in good standing use the *HUD-9991 for the FHA Condominium Loan Level Certification (“LL”)* process to collect project information at the time the forward or HECM loan is being originated for a Unit in an FHA Approved Condominium Project. Under § 203.43b(i), a process has been established to expedite the approval of loans in Approved Condominium Projects. Loan level verifications are underwriting functions and the *HUD-9991, FHA Condominium Loan Level/ Single-Unit Approval Certification* will be used by DE lenders to obtain the information needed to conduct the required verifications for making an underwriting decision on the condominium loan. DE lenders have less requirements than Single-Unit Approval (“SUA”) to confirm for loan level approvals. HUD will update the instructions to help the user navigate through the SUA and LL requirements.

Form HUD-9991 for FHA Condominium Single-Unit Approval and Certification

DE lenders in good standing use the *HUD-9991 for the FHA Condominium Single-Unit Approval and Certification* to collect project information at the time the forward or HECM condominium loan is being originated. Under § 203.43b(i), a process was established to allow approvals on individual units located in projects that are not in approved by FHA and that do not have significant issues that affect the viability of the project. Compliance with a subset of the project approval requirements is needed to process single-unit approvals. Under single-unit approval, a project is considered as part of the underwriting review of a condominium loan. The *HUD-9991, FHA Condominium Loan Level/Single-Unit Approval Questionnaire and Certification* is used by DE lenders to obtain the information needed to conduct the required verifications for making an underwriting decision on the condominium loan. As noted above, HUD will update the instructions to help DE lenders to review the applicable requirements for Single-Unit Approval and navigate through the HUD-9991.

New Construction or Gut Rehab. The Condominium Project, or Legal Phase, as applicable, must be either a Complete Condominium Project or a Complete Legal Phase for project approval or for a unit to be eligible for FHA-insured financing. The required documentation for Condominium Project Approval, is in the SF Handbook 4000.1, Section II.C.2.d.i. Property Types – New Construction for Condominium Project approval and includes the following:

- *form HUD-92541*, Builder’s Certification of Plans, Specifications, and Site, signed and dated;
- additional documentation demonstrating mitigation of any issues noted in form HUD-92541 including the State Licensed engineers' (soil and structural) reports, designs, and/or certifications to ensure the structural soundness of the improvements and the health and safety of the occupants;
- a copy of the builder's policy or the required documentation in Insurance Coverage;
- a Certificate of occupancy (CO) or its equivalent; and

photographs of each building

For individual Units in Approved Condominium Projects, mortgagees must submit the required documentation listed in the SF Handbook 4000.1, Section II.A.8.i.iv — Required Documentation for New Construction Financing. The Mortgagee must obtain and include the following documents in the case binder:

- CO or its equivalent;
- *form HUD-92541*, Builder’s Certification of Plans, Specifications, and Site;
- *form HUD-92544*, Warranty of Completion of Construction is used in new construction cases only and is an “additional condition” before FHA can insure the mortgage;
- evidence that the Property was pre-approved, with an Early Start Letter or copy of building permit issued by local authority prior to start of construction;
- *form HUD-96029*, *Form HUD-96029*, *Condominium Rider*. The Condominium Rider is a required document that contains standard language that is incorporated into, and amends and supplements, the Mortgage, Deed of Trust, or Security Deed (Security Instrument). This document is a required document for each condominium loan submitted for insurance endorsement.
- required inspections, as applicable.

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.

The information collection forms are set up to collect the data and perform the analysis in a standardized format so that they can be easily converted into a scalable system to collect data electronically.

Condominium Project Approval. The application package must be submitted as a single PDF document via email to the FHA Resource Center at answers@hud.gov, which will forward it to the appropriate Jurisdictional Homeownership Center “HOC”. This new document repository will allow eligible Submitters to directly upload the application package, which will be assigned to a HOC for HRAP review by the Resource Center. The approval packages often contain lengthy Covenants, Conditions and Restrictions (CC&R) and other legal documents and a consolidated PDF is easier than sending hard copies or a CD through the mail. The appropriate Jurisdictional HOC is determined by the project’s location and can be found at: https://www.hud.gov/program_offices/housing/sfh/sfhhocs. Under DELRAP, lenders control the process used to obtain information to confirm compliance with FHA condominium project approval requirements. The HUD-9992 form will be converted to a fillable PDF.

Both HRAP reviewers and lenders with DELRAP authority use FHAC for condominium project approval processing. FHAC is the system used to record, list, and track all data for Condominium Projects that have been processed. FHAC is used for data entry, processing, and reporting. Mortgagees must use FHAC to determine the existing approval status of a

Condominium Project; enter the Condominium Project information; assign the approval status after the Condominium Project has been reviewed; and upload required Condominium Project documents in a PDF. HRAP reviewers also use FHAC for condominium project approvals and loans.

Single-Unit Approval. FHA plans to automate the single-unit approval process and is developing a staged approach. Mortgagees are required to use FHAC to determine the existing approval status of a Condominium Project in FHA systems and order an FHA case number with a minimum amount of information by email to the FHA Resource Center for processing. The HUD-9991 questionnaire will be in a fillable format. Lenders submit a fully completed version and the required documentation with the case binder for endorsement by FHA. A new electronic system is being created that will allow DE lenders to submit the information required for a case number assignment by entering data or by submitting a HUD-9991 with the required information.

Loan Level Approval. Mortgagees are required to use FHAC to verify the existing Condominium Project is approved and to complete the form and certify the information provided. The HUD-9991 will be in a fillable format and lenders will include a signed and dated form and the required documentation in the case binder when the loan is submitted for FHA insurance endorsement.

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.

No duplication in the collection of information for condominium project approval, loan level approval and Single-Unit Approval exists. The information requested on the forms, the certification, eligibility, and documentation requirements differ for the three separate, approval processes. Each condominium project and its units have their own combination of features and are distinctive. In addition, the financial and operational data are dynamic. For approved projects with a condo ID number, the basic information will already be populated in FHAC and will just need to be verified. A few data points such as owner occupancy and the percentage of condominium assessments in arrears will need to be updated at loan level review. The extension of the approval period to three years has reduced the collection burden for project approval.

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.

The SF Handbook 4000.1 has standardized the requirements for DELRAP lenders, many of which are small entities. However, it is worth noting that many of these lenders are likely affiliated with much larger financial institutions, based on the names associated with the IDs. Of the thousand unique originating mortgagee IDs in each year from 2020 to 2023, the median number of mortgagees is under 100. While this data may seem to make a strong case for the prevalence of small entities, these entities likely have resources at their disposal that are not available to a typical small entity in other industries.

The policy changes in 2019 resulted in a decrease in the collection burden for condominium project approval and condominium loans. The implementation of Single-Unit Approval has created business opportunities for small lenders without the collection burden of seeking approval for an entire condominium project. HUD continues to explore ways to streamline the process through policy and technology updates.

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.

For condominium project approval, collection of this information is critical to assess the legal structure, financial strength, and operational viability of a condominium project, and to allow exceptions to the standards for owner occupancy, commercial space, and other factors.

For loan level approvals and Single-Unit Approvals, the reporting burden is loan-specific and, thus, cannot be conducted less frequently than on every single loan submitted to FHA for insurance endorsement. FHA considers this information to be critical to determine eligibility of single condominium units within FHA-approved projects and non-FHA-approved projects for insurance endorsement and to manage risk to the MMI fund. Without sufficient information about individual condominium projects and the total number of FHA-insured units in a project, FHA will be unable to determine the risk that FHA insured units within the project might pose to the MMI insurance fund.

FHA would not be able to properly examine the risk of individual units to the insurance fund and would not be able to continue insuring loans for borrowers who wish to purchase or refinance condominium units.

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;

- This collection requires the lender to make a one-time certification for each loan on a condominium unit submitted to FHA for insurance endorsement. The application package preparer is required to make a one-time certification for the approval or every three years for renewal of a condominium project approval.

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

- This collection does not request a written response to a collection of information in fewer than 30 days.

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

- This collection does not 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;

- This collection requires respondents to retain all documents related to the Condominium Project's DELRAP review for a period of seven years and to provide the Condominium Project information and documentation to HUD/FHA upon request.

Mortgagees are required to maintain accurate records for each Mortgage serviced. Mortgagees must retain all servicing files for a minimum of seven years after the transfer or sale of the Mortgage or termination of mortgage insurance. For cases for which a claim is filed, the Mortgagee must retain documentation in compliance with the Claim Review File section of the SF Handbook 4000.1 for at least seven years after the final claim or latest supplemental claim settlement date.

* 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;

- This collection does not require a statistical survey.

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

- This collection does not require the use of a statistical data classification.

* 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

- This collection does not include a pledge of confidentiality that is not supported by authority established in a statute or regulation.

* 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.

- This collection does not require respondents to submit proprietary trade secrets or other confidential information.

Some of the documents required for this collection are time sensitive and typically will need to be updated every 30 (thirty) days. At a minimum, the information submitted will need to be updated within 90 (ninety) days of the signature date on the Form HUD-9991 or Form HUD-9992. A report of delinquent association fees is required to be updated every 30 days because these fees are collected monthly. Income and expense statements, balance sheets, and percentage of units that are owner occupied also change with enough frequency to warrant their collection more often than once a quarter. The viability of a condominium project is based on the financial stability of the project and that information changes monthly

based on dues collected, expenses incurred and the resolution or commencement of legal activities. It is important to determine if the condominium association has levied any special assessments and if the condominium is subject to any litigation that could affect the financial viability of the project. The volatility of the financial status of condominium projects makes it prudent for FHA to require the most up-to-date information when issuing an approval that will make units in the project eligible for FHA insurance for three years.

8. If applicable, provide a copy and identify the date and page number of publication 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 hour 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 in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

In accordance with 5 CFR 1320.8(d), a 60-day Federal Register Notice soliciting public comments on the information collection was published in the Federal Register on Friday, January 31, 2020 (Volume 85, Number 21, Page 5686). HUD received 140 comments from 13 commenters, which included individuals, mortgage companies, banks, trade associations, condominium association representatives, and mortgage brokers. The comments on format, length, condominium association requirements, certification, owner occupancy, individual owner concentration, automation and burden hour estimates pertained to both Forms HUD-9991 and HUD-9992. There were also content specific comments that applied to forms individually. HUD responded to the comments in a summary format in the 30-Day Notice and responded to the comments by using a combination of the suggestions to revise the content, eliminate and consolidate questions, and restructure the forms to be more user-friendly and less burdensome.

For this proposed update to the Forms, HUD received comments from one commenter. The commenter requested that HUD combine the forms HUD-9991 and HUD-9992 into one form because “generally, the only difference between these forms is that the HUD-9991 has the following additional information that is currently not included on the HUD-9992: (1) a statement that confirms there are recorded documents and transfer of control, and (2) a question whether the “walls in” is included on the master insurance policy.” While there is some duplication in the information requested on the forms, the certification, eligibility, and documentation requirements differ for the three approval processes: Condominium Project Approval, Single-Unit Approval for Units in projects not approved by FHA, and Loan Level Approval for Units in projects approved by FHA. In addition, the HUD-9991 is completed by mortgagees, while the HUD-9992 is completed by a variety of stakeholders including HUD, DELRAP Lenders, and non-lenders

such as condominium associations, lawyers, and consultants. HUD proposed separating the forms to reduce confusion about the requirements for each approval process. The variety in the parties responsible for completing the form and the required information, make it challenging to consolidate the forms into one document that clearly identifies loan level requirements and project approval requirements. HUD agrees that streamlining the collection of information will help reduce processing time and benefit participants. We will consider this suggestion for future form, policy, and technological enhancements. The commenter also suggested "... adding 3 signature lines on the final combined form for the following declarations to be made by the following parties to the transaction: the HOA, the Mortgagee (DELRAP or HRAP submission) and the DE underwriter for the loan level certification." HUD appreciates the comment to add three signature lines to a combined form that includes the HOA, Mortgagee for DELRAP or HRAP submissions, and the DE underwriter. FHA relies upon the Mortgagee or the Submitter to confirm a loan or approval meets FHA requirements. For Loan Level and Single-Unit Approvals, the Mortgagee is responsible for certifying the compliance of borrower, Unit, and condominium project with FHA requirements. A Mortgagee can structure their internal review and approval process with certifications as they choose. It is the lender's responsibility to resolve any inconsistencies and to validate the information before they close a loan or send it in for endorsement. For Condominium Project Approval, the Form HUD-9992 must be completed, signed, and dated by an eligible submission source or a DELRAP Mortgagee. The Submitter is responsible for ensuring the Condominium Project meets FHA requirements and must certify that they have used "reliable and verifiable sources of information." Requiring condominium associations to sign either form distributes the responsibility to a party that does not have a direct interest in a transaction. It also may further add to their reluctance to provide information. HUD received strong pushback from Condominium Associations when they were initially required to sign the form and requests from Mortgagees to be solely responsible for the completion of the form. We appreciate the comment to create a consolidated list of required documentation for the HUD Review and Approval Process (HRAP), Direct Endorsement Review and Approval Process (DELRAP), and for the Single Unit Approval (SUA) Process. A checklist can be very useful to confirm all the documents have been submitted when used in conjunction with the corresponding Handbook 4000.1 guidance. We will use this feedback to explore how to create and maintain a checklist for the review and collection of required case binder documentation with caveats that allow the mortgagee/Submitter to capture the individual characteristics of a Condominium Project reflected in the governing documents and/or local laws.

In an effort to reduce the burden of multiple system changes for lenders and Eligible Submission Sources, HUD has decided to delay the separation of the HUD-9991, FHA Condominium Loan Level/Single-Unit Approval Questionnaire into two forms because it is considering additional policy updates. The current forms will be updated to reflect a recent change in the Hazard Insurance standard and a change in the form number for the FEMA NFIP Elevation Certificate (FEMA Form FF-206-FY-22- 152).. Once the content of the forms has been finalized, the forms will be formatted and converted to a PDF fillable format that will allow corrections. HUD continues to agree with prior commenters that electronic submission and the automation of the information process would be advantageous and cost-effective.

HUD reviewed the Fannie Mae and Freddie Mac long and short form condominium questionnaires, as a baseline for the revisions to the forms HUD-9991 and HUD-9992 to ensure consistency.

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

HUD does not provide payments or gifts to respondents in exchange for a benefit sought.

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

No assurances of confidentiality are provided to respondents.

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.

There are no questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information.

Table 1: FHA Condominium Project Approval Questionnaire and FHA Condominium Loan Level/Single-Unit Approval Questionnaire

Information Collection	Number of respondents	Frequency of Response	Responses per Annum	Burden Hour per Response	Annual Burden Hours	Hourly Cost per Response	Annual Cost
Project Approval: -- Package Preparation	2,500	1	2,500	1.00	2,500	\$59.07	\$147,675.00
Project Approval - Package Review	2,500	1	2,500	1.00	2,500	\$64.71	\$161,775.00
Project Approval - Quality Control for DELRAP Lender Approval Packages	75	1	75	1	75	\$64.71	\$4,853.25
Form HUD-92541 (OMB 2502-0496) Builders Certification of Plans, Specifications (Project Approval)	50	1	50	0.25	12.5	\$59.07	\$738.38
Form HUD-92544 (OMB 2502-0059) Warranty of Completion of Construction	50	1	50	0.05	2.50	\$59.07	\$147.68
Form HUD-9992, FHA Condominium Project Approval Questionnaire	2,500	1	2,500	1.50	3,750	\$53.42	\$200,325.00
Subtotal for Condominium Project Approvals	7,675			4.80	8,840		\$515,514.30
Loan Level/Single-Unit Approval - Package Preparation	26,500	1	26,500	0.50	13,250	\$59.07	\$782,677.50
Loan Level/Single-Unit Approval - Package Review	26,500	1	26,500	0.25	6,625	\$64.71	\$428,703.75
Loan Level/Single-Unit Approval	7,950		7,950	.25	1,987.50		\$128,611.13

Quality Control		1				\$64.71	
Form HUD-92541 (OMB 2502-0496) Builders Certification of Plans, Specifications (Loan Level/SUA)	530	1	530	0.25	132.50	\$59.07	\$7,826.78
Form HUD-96029, Condominium Rider	26,500	1	26,500	0.10	2,650	\$59.07	\$156,535.50
Form HUD-9991, FHA Condominium Loan Level/Single-Unit Approval Questionnaire	26,500	1	26,500	1.00	26,500	\$59.07	\$1,565,355.00
Subtotal for Loan Level/Single-Unit Approvals	114,480			2.35	51,145.00		\$3,069,709.65
TOTAL	122,155		122,155	0.49	59,985.00		\$3,585,223.95

Table 1 provides a detailed summary of the burden hours for the collection of information for condominium project approval, loan level approval and the total burden hour by approval type. Preparing an application for condominium project approval can be performed by condominium associations, management companies, independent project consultants, attorneys, or mortgagees. Project review can only be performed by FHA staff or participating mortgagees with DELRAP authority. The burdens to those mortgagees who complete DELRAP reviews are noted above, as is the preparation burden for other parties. The information collection burden for underwriting mortgages on units in unapproved condominium projects and units in approved condominium projects is less because mortgagees are only required to verify a subset of the condominium project approval eligibility factors.

FHA staff perform quality control on 30% of the condominium project approval packages and the condominium loan case binders to ensure compliance with FHA requirements. The amount of time for a submitter to respond to questions or to obtain condominium documents or information to demonstrate compliance as requested varies. The amount of time to address questions related to Single-Unit Approval and loan level cases is expected on average to be much less.

The estimated cost for respondents is calculated from the May 2022 U.S. Department of Labor, Bureau of Labor Statistics website (https://www.bls.gov/oes/current/oes_nat.htm) determined that the hourly rate of a loan officer completing this type of survey averaged \$40.46 plus \$18.61 per hour for a fully loaded rate of \$59.07. Estimated cost for the community association staff completing the questionnaire at loan level is \$36.59 per hour plus \$16.83 for a fully loaded rate of \$53.42.

Table 2: Burden Hour Net Change

Information Collection	Current Burden Hour per Response	New Burden Hour per Response	Net Change
Project Approval: -- Package Preparation	1	1	0.00
Project Approval - Package Review	1	1	0.00
Project Approval - FHA Quality Control for DELRAP Lender Approval Packages	0	1	1.0
Form HUD-92541 (OMB 2502-0496) Builders Certification of Plans, Specifications (for both project approval)	0.25	0.25	0.00
Form HUD-92544 (OMB 2502-0059) Warranty of Completion of Construction	0.05	0.05	0.00
Form HUD-9992, FHA Condominium Project Approval Questionnaire and Instructions	1.5	1.5	0.00
Loan Level/Single-Unit Approval - Package Preparation	0.5	0.5	0.00
Loan Level/Single-Unit Approval - Package Review	0.25	0.25	0.00
Form HUD-96029, Condominium Rider	0.1	0.1	0.00
Form HUD-9991 for FHA Condominium Loan Level Questionnaire, Certification, and Instructions	0	.25	0.25
Form HUD-9991 for FHA Condominium Single-Unit Approval Questionnaire, Certification, and Instructions	1	.75	-0.25
Form HUD-92541 (OMB 2502-0496) Builders Certification of Plans, Specifications (for individual condominium loans)	0	0.25	0.25
Loan Level/Single-Unit Approval Quality Control	0	.25	.25
TOTAL	5.65	7.15	1.5

Table 2 shows the net change in the total burden hours is 1.5, which can be attributed to the addition of quality control performed by HUD on a portion of condominium approval packages submitted by mortgagees with DELRAP authority and quality control on condominium loans submitted for endorsement. The combination of updates to the instructions and the creation of a checklist will make it easier to identify the requirements for each type of loan approval: 1) for Single-Unit Approval and 2) for loan level approvals. The HUD-9991 for Loan Level Certification is estimated to take 15 minutes to complete and the HUD-9991 for Single-Unit Approval Questionnaire is estimated to take 45 minutes to complete. The time to complete the Form HUD-9992 is 1.5 hours and did not change. The instructions will be updated to help the respondents complete the forms after they are finalized.

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).

There are no recordkeeping, capital, start-up, or maintenance costs associated with this information collection.

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.

The total cost of \$723,943.63 to the Federal Government includes overhead, staff preparation time, review time, etc.

Condominium project approval is performed by HRAP reviewers and by mortgagees with DELRAP authority. Condominium project approval involves the time it takes to review the 2,500 approval packages submitted annually, complete the reviews to determine eligibility and enter the required data into the database. The total cost to the government for Condominium Project Approval is \$161,775. FHA staff also performs quality assurance reviews on 30% of project approval packages that are processed under DELRAP authority. The number of DELRAP approved projects has decreased to about 250 or 10% of condominium project approvals. The total cost to the government for the review of 75 project approval packages is \$4,853.25.

The condominium loan production consists of about 23,500 loans on units in FHA-approved condominium projects (loan level) and 3,000 Single-Unit Approval loans on units in condominium projects not approved by FHA. FHA staff review and process loan level approval packages for a cost of \$380,171.25 and Single-Unit Approval loan packages Single-Unit Approval for a cost of \$48,533. FHA staff also perform quality assurance reviews on 7,950 or 30% of the loans that are processed by DE lenders. The level of effort for quality control is estimated at 15 minutes but varies by the approval method. Reviewing individual loans includes reviewing the condominium project, condominium unit, and borrower information and has a total cost of \$128,611.

The cost to the Federal Government is based on a \$64.71 per hour estimate for the work being performed by the equivalent of GS-12 staff. The baseline wage rate is \$44.32 and with the wage rate multiplier, it increases to \$64.71.

Information Collection	Number of respondents	Frequency of Response	Responses per Annum	Burden Hour per Response	Annual Burden Hours	Hourly Cost per Response	Annual Cost
Project Approval - Package Reviews Subtotal	2,500	1	2,500	1.00	2,500	\$64.71	\$161,775.00
Project Approval - Quality Assurance Reviews Subtotal	75	1	75	1.00	75	\$64.71	\$4,853.25
Loan Level Approval - Package Reviews Subtotal	23,500	1	23,500	0.25	5,875	\$64.71	\$380,171.25
Single-Unit Approval - Package Reviews Subtotal	3,000	1	3000	.25	750	\$64.71	\$48,533
Loan Level/Single-Unit Approval - Quality Assurance Reviews Subtotal	7,950	1	1,987	.25	1988	\$64.71	\$128,611.13
Consolidated: Project Approval and Loan-Level/Single-Unit Approval - Package Reviews and Quality Assurance Reviews	37,025	1	38,495	3	11,188		\$723,943.63

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

This revision to the existing Information Collection allows HUD to remain compliant with the Paperwork Reduction Act and to determine the eligibility of condominium projects for approval and units in approved and unapproved condominium projects for FHA-insured financing: These changes help to:

- Remove barriers to affordable homeownership and expanding the pool of properties that may be eligible for FHA-insured financing
- Provide more opportunities for credit worthy homebuyers and
- Reduce the regulatory burden and meet the growing needs of the housing industry.

Changes in #13 and #14 on form 83i are due to changes in the number of respondents and market conditions. The Condominium Regulations at Section 203.43(b) requires information to process the following:

- Condominium project approval applications;
- Verification of loan level requirements for units in approved condominium projects;
- Adjustment to the time to prepare loan level and Single-Unit Approval applications; and
- Addition of package quality assurance review for loan level/Single-Unit approval packages.

The forms HUD-9991 and HUD-9992 are adaptable to future policy changes. Condominium project applications require the information in the *HUD-9992, FHA Project Approval Questionnaire*. Verification of loan level requirements for units in approved condominium projects and Single-Unit Approval applications require condominium project and unit information from the *HUD-9991 FHA Loan Level Certification/Single-Unit Approval Questionnaire and Certification*.

Description of the Collection Changes

Current Approved Form and Title	Corresponding Forms	Current Status
Form HUD-9991, FHA Loan Level/Single-Unit Approval Questionnaire and Instructions	Revision to Existing Form	Question 4.d.3 Hazard Insurance has been updated to reflect a wording update in the Single Family Policy Handbook 4000.1. Will update instructions upon finalization of the Form HUD-9991.
Form HUD-9992, FHA Project Approval Questionnaire and Instructions	Existing Form	Question 3.q.1 Hazard Insurance has been updated to reflect a wording update in the Single Family Policy

Current Approved Form and Title	Corresponding Forms	Current Status
		Handbook 4000.1. Question 3.r.1. Special Flood Hazard Areas for New Construction and Manufactured Housing . has been revised to reflect the new form number for the FEMA NFIP Elevation Certificate (FEMA Form FF-206-FY-22- 152). Will update instructions upon finalization of the Form HUD-9992.
Form HUD- 92544, Warranty of Completion of Construction	Active Form; approved under OMB 2502-0059	No change in amount of time to complete the form.
Form HUD- 92541, Builder's Certification of Plans, Specifications, & Site	Active Form; approved under OMB 2502-0496	No change in amount of time to complete the form.
Form HUD- 96029, Condominium Rider	Condominium Rider	No change. Template with required FHA language to be incorporated into the security instrument.

B. Collections of Information Employing Statistical Methods