



International Code Council
500 New Jersey Avenue, NW
Sixth Floor
Washington, DC 20001
tel: 888.icc.safe (422.7233)
fax: 202.783.2348
www.iccsafe.org

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**Docket No. FR-5457-P-01
RIN 2502-AJ03**

**Streamlining Inspection and Warranty Requirements for FHA Single Family Mortgage Insurance:
Removal of the FHA Inspector Roster and of the Ten Year Protection Plan Requirement**

**COMMENTS OF:
THE INTERNATIONAL CODE COUNCIL (ICC)
500 New Jersey Ave, NW
Washington, DC 20001**

**Contact:
David Karmol, dkarmol@iccsafe.org**

The International Code Council (ICC) offers the following comments on the Proposed Rule, Docket No. **FR-5457-P-01**, published on February 6, 2013.

Background

The International Code Council (ICC) is a membership association dedicated to building safety, fire prevention, and energy efficiency. The International Codes, or I-Codes, published by ICC, provide minimum safeguards for people at home, at school and in the workplace. Building codes benefit public safety and support the industry's need for one set of codes without regional limitations. The International Code Council also publishes the International Energy Conservation Code (IECC), which is referenced in the Energy Policy Act of 2005, the Energy Independence and Security Act (EISA) of 2007, and is a national requirement in section 410 of the American Recovery and Reinvestment Act of 2009.

Fifty states and the District of Columbia have adopted the I-Codes at the state or jurisdictional level. Federal agencies including the Architect of the Capitol, General Services Administration, National Park Service, Department of State, U.S. Forest Service and the Veterans Administration also use the I-Codes for the facilities that they own or manage. The Department of Defense references the International Building Code for constructing military facilities, including those that house U.S. troops, domestically and abroad. Puerto Rico and the U.S. Virgin Islands enforce one or more of the I-Codes.

The International Code Council (ICC) was established in 1994 as a non-profit organization dedicated to developing a single set of comprehensive and coordinated national model construction codes. The founders of the ICC are Building Officials and Code Administrators International, Inc. (BOCA),

International Conference of Building Officials (ICBO), and Southern Building Code Congress International, Inc. (SBCCI). Since the early part of the last century, these non-profit organizations developed three separate sets of model codes used throughout the United States. Although regional code development was effective and responsive to our country's needs, the time came for a single set of codes. The nation's three model code groups responded by creating the International Code Council (ICC) and by developing codes without regional limitations; the International Codes.

ICC's members are the code officials who adopt and enforce building, fire and energy codes, and the architects, engineers, builders and contractors who build and maintain structures in the built environment. Over 40,000 code officials are active members of the ICC.

Summary

The proposed rule would streamline inspection and warranty requirements for FHA-insured mortgages. HUD proposes to eliminate its national Inspectors Roster, and replace it with a simplified system of recognizing local building code permits and inspections, where local jurisdictions adopt a code and perform such services, and recognize inspections by Residential Combination Inspectors, as certified by the International Code Council, in areas where local governments do not issue permits or perform inspections. ICC endorses this proposed change and will offer comments, a proposed modification to broaden the pool of inspectors, and supporting information as requested in the proposed rule.

HUD also proposes changes to its requirements for insurance on high Loan to Value loans, an issue on which we do not offer comments, as it is outside of our area of expertise.

Proposed Rule

Sec. 200-145 Property and mortgage assessment

The proposed rule specifies at Sec. 200-145 that for new construction, and structural or renovations of existing properties, when an inspection is required for an FHA loan, when a local jurisdiction issues permits, and performs inspections, the documentation provided by the local jurisdiction shall satisfy the FHA requirements, and shall be considered as satisfactory evidence of completion of the work.

This recognition of the services performed related to single family home permitting and inspection by jurisdictions large and small, across the United States, is reasonable and reflects a proper respect and deference to the work of local building code administration to insure the safety of residential structures. The safety of homes in the United States is generally regarded as the best in the world, due in no small part to the dedication of local code officials, as well as the strongest system of building codes that are created by these same officials (and their colleagues in the construction industry) through a consensus process managed by the International Code Council (ICC). We see no reason that HUD cannot fully rely on these permit and inspection documents for its purposes, in assuring that construction is complete and of sound quality, before approving an FHA-insured mortgage. ICC strongly supports this proposed part of the proposed rule.

The second part of this section addresses the situation in the smaller number of jurisdictions where either no local code is adopted, or local government does not offer permitting and inspection services for new or existing homes. In this situation, HUD proposes to recognize the same qualified, local code inspectors who work extensively for local and state jurisdictions, as long as they have been certified in the four disciplines required to obtain a Residential Combination Inspector (RCI) certification from ICC. The four disciplines reflect knowledge of the residential building code, plumbing code, mechanical code, and electrical code. Certification as an RCI is awarded by ICC only after the candidate successfully completes tests in each of the four disciplines with a passing grade. In addition, ICC offers what is called a Combination Inspector certification to those who have passed the same four disciplines

required for the RCI certification, and have also passed tests in the same disciplines for Commercial Buildings. Since both the RCI certification, and the Combination Inspector certification meet the requirements specified by HUD in the explanation of the proposed rule, we recommend modifying Sec. 200.145(c)(2)(i), to add a reference to Combination Inspectors, as follows:

“Select a Residential Combination Inspector (or its successor designation) or a Combination Inspector (or its successor designation) certified by the International Code Council...

This change would increase the pool of inspectors from 3,666 to 5,892, and avoid any confusion as to whether only Residential Combination Inspectors meet the requirement of the rule, or whether those certified for both Residential and Commercial Inspection, with the Combination Inspector certification, also meet the requirements of the rule.

At present, ICC has awarded 5,892 such certifications, which includes 3,666 Residential Combination Inspector certifications, and 2,226 Combination Inspector certifications. These 5,892 certified inspectors are located in all 50 states, as well as the Virgin Islands, the District of Columbia, and several U.S. territories. In recent years, the number of persons achieving these two certifications has been at a rate of approximately 140 per year, as well as a rate of re-certification of approximately 200 per year. Tests are administered both in traditional pencil and paper format, as well as online, at a nationwide network of test centers operated by ICC’s testing center partner (Pearson VUE).

In addition to certification testing services, ICC also offers online and classroom training, training workbooks and learning resources, to individuals and groups on the fundamentals of each of the code disciplines addressed in the four certification tests included in both the RCI and CI categories. ICC is committed to maintaining a robust training program, and the program is one of the most popular and widely used programs made available to the ICC’s membership of over 40,000 code officials. The additional visibility of the ICC Residential Combination Inspector certification which this proposed rule will provide will likely lead to a 10 to 20% increase in the number of code officials who obtain the Residential Combination or Combination Inspector certification designation.

HUD has specifically asked in the proposed rule for information on areas, or geographical regions, where there may be an absence of Inspectors, qualified as Residential Combination Inspectors or Combination Inspectors, who would meet the qualifications prescribed in the proposed rule. While the number of RCI’s and CI’s is spread across the states, with almost every state having at least 4 inspectors certified as RCI or CI, there are several states with only one individual certified: Massachusetts, Maine, North Dakota, South Dakota, Rhode Island and Vermont. However, as in a number of other states, there are in each of these states, additional individuals possessing three, and sometimes four of the required four underlying certifications to achieve the RCI, or seven or eight of the eight underlying certifications to achieve the CI certification. In such cases, those individuals simply need to apply for the Residential Combination Inspector, or Combination Inspector certification respectively, or perhaps achieve one last certification in one of the underlying areas of expertise, to achieve the combination certification. ICC is confident that the news of this new regulation will prompt many such eligible inspectors to apply for the combination certification. While we do not attach the specific numbers of certifications in each state to these comments, ICC has such information on hand, and would be willing to supply it to the Department as business confidential information.

ICC believes that there are sufficient numbers in every state to allow for inspections in all of the 50 states. In some cases, some nearby out-of-state travel might be required by the inspector. For example, while there is only one CI in Vermont and 2 in Maine, there are 17 RCI’s and CI’s in New Hampshire.

In each of the few states with only one current RCI or CI certified inspector, there are additional inspectors who have three, or even four, of the four certifications, who could easily become RCI or CI combination inspectors in a very short time, following publication of a final rule.

We appreciate the opportunity to comment on the HUD Proposed Rule to streamline inspection and warranty requirements for FHA loans, and offer our continued support to HUD in this program, to achieve the shared goal of healthy, safe and affordable housing units for those served by HUD programs. Please direct any questions or concerns to the contact listed at the start of these comments. ICC stands ready to assist the Department of Housing and Urban Development in achieving its goals efficiently and consistent with the practices and procedures of all 50 states, and the thousands of local government units that use ICC codes and standards, and whose officials are the professional governmental members of ICC.