



"ADVANCES TO HOUSING ASSOCIATES"

OMB NUMBER 2590-0001

SUPPORTING STATEMENT

A. Justification

1. Section 10b of the Federal Home Loan Bank Act (Bank Act) establishes the requirements for making Federal Home Loan Bank (Bank) advances to housing associates (previously known as nonmember mortgagees). *See* 12 U.S.C. § 1430b. Section 10b also establishes the eligibility requirements an applicant must meet in order to be certified as a housing associate. 12 CFR part 926 implements the statutory eligibility requirements and establishes uniform review criteria the Banks must use in evaluating applications. *See* 12 C.F.R. §§ 926.1-926.6. More specifically, section 926.4 implements the statutory eligibility requirements and provides guidance to an applicant on how it may satisfy such requirements. Section 926.5 authorizes the Banks to approve or deny all applications for certification as a housing associate, subject to the statutory and regulatory requirements. It also permits an applicant to appeal a Bank's decision to deny certification to the Federal Housing Finance Agency (FHFA). 12 CFR part 950, specifically section 950.17, establishes the terms and conditions under which a Bank may make advances to housing associates. *See* 12 C.F.R. § 950.17. Section 950.17 also imposes a continuing obligation on a certified housing associate to provide information necessary to determine if it remains in compliance with applicable statutory and regulatory requirements.

2. The Banks use the information collection contained in sections 926.4 and 926.5 to determine whether an applicant satisfies the statutory and regulatory requirements to be certified initially and maintain its status as a housing associates eligible to receive Bank advances. The FHFA uses the information collection to determine whether to uphold or overrule a Bank's decision to deny housing associate certification to an applicant.

3. The information collection does not involve the use of automated, electronic, mechanical or other technological collection techniques or other forms of information technology.

4. The information collection avoids duplication by requiring the submission of information that already is available to, or compiled by, an applicant for other purposes. For instance, an applicant may meet the requirement in section 10b(a) of the Bank Act and section 926.4(a) that it be approved under title II of the National Housing Act by submitting a current Department of Housing and Urban Development (HUD) Yearly Verification Report or other documentation issued by HUD stating that it is an approved mortgagee. Further, an applicant may meet the requirement in section 10b(a) of the Bank Act and section 926.4(d) that its principal activity in the mortgage field consists of lending its own funds and advances may be safely made by submitting previously prepared financial statements and other financial documents. To satisfy the other eligibility requirements, an applicant may provide copies of applicable federal, state or local laws and/or regulations.



5. The information collection will not have a significant economic impact on a substantial number of small entities. The rule implements statutory requirements and is applicable to all applicants for certification and certified housing associates regardless of their size. The FHFA does not have the authority to make adjustments to the statutory requirements to accommodate small entities.
6. If the information were not collected at the time an applicant seeks to be certified as a housing associate, the Banks would be unable to determine whether the applicant satisfies the statutory eligibility criteria and the FHFA would be unable to determine whether to uphold or overrule a Bank's decision to deny housing associate certification to an applicant.
7. There are no special circumstances requiring the information collection to be conducted in a manner identified by Question 7.
8. In accordance with the requirements of 5 C.F.R. § 1320.8(d), the FHFA published a request for public comments regarding this information collection in the *Federal Register* on December 29, 2008. See 73 Fed. Reg. 79484 (Dec. 29, 2008). The 60-day comment period closed on February 27, 2009. The FHFA received no public comments. In addition, the FHFA contacted the Atlanta Bank (404-888-5327) (www.fhlbatl.com), Chicago Bank (312-565-5374) (www.fhlbc.com), and the Pittsburgh Bank (412-288-5186) (www.fhlp-gph.com) regarding the information collection. The Banks reviewed recent housing associate application activity and financial activity statements of certified housing associate members to determine the personnel required to prepare the necessary documentation and the average application processing time and cost.
9. No payment or gift is provided to any respondent.
10. The Banks and FHFA will maintain the confidentiality of information obtained from respondents as required by applicable statute, regulation or agency policy.
11. There are no questions of a sensitive nature in the information collection.
12. The calculations that follow are based upon an annual average of 1 applicant for certification as a housing associate and 65 certified housing associates. The FHFA projects the potential of receiving one housing associate appellate application in each five-year period.
 - a. FHFA's Annualized Burden.

The estimated annualized cost to the FHFA is \$240. The estimated annual hour burden is three hours. These estimates are based on the following calculations:

Financial analyst reviews each appellate application in detail to ensure compliance with statutory and regulatory eligibility requirements.



- ◆ Review time: 1.0 hour
- ◆ Total applications: 1
- ◆ Total hours: 1.0
- ◆ Hourly rate: \$39 (includes salary, benefits and overhead)
- ◆ Total cost: \$39

Attorney reviews each appellate application to confirm statutory and regulatory eligibility and to ensure the absence of any special legal issues.

- ◆ Review time: 1.0 hour
- ◆ Total applications: 1
- ◆ Total hours: 1.0
- ◆ Hourly rate: \$89 (includes salary, benefits and overhead)
- ◆ Total cost: \$89

Management reviews each appellate application and staff recommendations and makes a determination regarding eligibility.

- ◆ Review time: 1.0 hour
- ◆ Total applications: 1
- ◆ Total hours: 1.0
- ◆ Hourly rate: \$112 (includes salary, benefits and overhead)
- ◆ Total cost: \$112

Total FHFA Burden: Cost: \$240 Hours: 3

b. Banks' Annualized Burden.

The estimated annualized cost to the Banks is \$31,851. The estimated annualized hour burden is 795 hours. These estimates are based on the following calculations:

Credit analyst collects and reviews the annual/quarterly financial information provided by each housing associate member to ensure continued compliance with statutory and regulatory eligibility requirements.

- ◆ Review time: 12 hours
- ◆ Housing Associates: 65
- ◆ Total hours: 780
- ◆ Hourly rate: \$40 (includes salary, benefits and overhead)
- ◆ Total cost: \$31,200

Credit analyst reviews each housing associate membership application in detail to ensure compliance with statutory and regulatory eligibility requirements.



- ◆ Review time: 12 hours
- ◆ Total applications: 1
- ◆ Total hours: 12
- ◆ Hourly rate: \$40 (includes salary, benefits and overhead)
- ◆ Total cost: \$480

Legal analyst reviews each application in detail to ensure compliance with statutory and regulatory eligibility requirements.

- ◆ Review time: 1.25 hours
- ◆ Total applications: 1
- ◆ Total hours: 1.25
- ◆ Hourly rate: \$47 (includes salary, benefits and overhead)
- ◆ Total cost: \$59

Attorney reviews each application to confirm applicant's statutory and regulatory eligibility and to ensure the absence of any special legal issues.

- ◆ Review time: 1.0 hour
- ◆ Total applications: 1
- ◆ Total hours: 1
- ◆ Hourly rate: \$70 (includes salary, benefits and overhead)
- ◆ Total cost: \$70

Chief financial officer reviews each application and staff recommendations regarding eligibility.

- ◆ Review time: 0.33 hours
- ◆ Total applications: 1
- ◆ Total hours: 0.33
- ◆ Hourly rate: \$126 (includes salary, benefits and overhead)
- ◆ Total cost: \$42

Total Bank Burden: Cost: \$31,851 Hours: 795

(c) Housing Associate Annualized Burden.

The estimated annualized cost to applicants and housing associates is \$7,145. The estimated annualized hour burden is 80 hours. These estimates are based on the following calculations:

Program analyst compiles and reviews the necessary documentation for application submission to the Bank.



- ◆ Processing time: 10 hours
- ◆ Total applications: 1
- ◆ Total hours: 10
- ◆ Hourly rate: \$54 (includes salary, benefits and overhead)
- ◆ Total cost: \$540

Attorney reviews membership application to conform statutory and regulatory eligibility.

- ◆ Processing time: 5 hours
- ◆ Total applications: 1
- ◆ Total hours: 5
- ◆ Hourly rate: \$274 (includes salary, benefits and overhead)
- ◆ Total cost: \$1,370

Miscellaneous expenses related to housing associates application processing.

- ◆ Average cost/application: \$100
- ◆ Total applications: 1
- ◆ Total cost: \$100

Analyst compiles and reviews the documentation to provide periodic financial statements to the Bank.

- ◆ Processing time: 1 hour
- ◆ Total applications: 65
- ◆ Total hours: 65
- ◆ Hourly rate: \$54 (includes salary, benefits and overhead)
- ◆ Total cost: \$3,510

Miscellaneous expenses related to housing associates providing periodic financial statements to Banks.

- ◆ Average cost handling/providing/ mailing periodic financial statements: \$25
- ◆ Total housing associates: 65
- ◆ Total cost: \$1,625

Total Housing Associate Burden: Cost: \$7,145 Hours: 80

13. The FHFA has not identified costs other than those discussed in detail under Question 12.

14. The estimated annual cost burden to the Federal government is \$240. The method used to determine these costs is discussed in detail under Question 12.

15. The FHFA did not report any program changes or adjustments in Items 13 or 14 of OMB Form 83-I.



16. The results of this information collection will not be published.
17. The FHFA plans to display the expiration date for OMB approval.
18. There are no exceptions to the certification statement identified in Item 19.

B. Collection of Information Employing Statistical Methods

The information collection does not employ statistical methods.