

National Credit Union Administration
Supporting Statement for Paperwork Reduction Act
Modification of OMB Control Number 3133 – 0138
12 C.F.R. Part 705
Community Development Revolving Loan Fund – Loan Program
October 2011

Part 1
Revision to Previously Approved Documents (Summary)

Expiration of the current OMB Control Number and proposed changes in the rule, which NCUA is seeking simultaneous with this submission, prompt this request for reinstatement and modification of the currently assigned OMB Control Number to encompass the promissory note and the loan agreement. NCUA believes it makes sense to include all of these documents under a single Control Number.

This modification is focused on the use of the promissory note, loan agreement, periodic reports, and irregular reports, which were not specifically addressed in the previous information collection estimate (3133-0138). NCUA estimates an average of fifteen loan applications per year under its CDRLF program. The burden estimate for reviewing and completing these documents is forty hours.

NCUA estimates an average of five new loans approved per year under the CDRLF program. The burden estimate for reviewing and completing the promissory note and loan agreement documents, including a board resolution authorizing the transaction, is four hours.

The loan agreement also calls for a report describing the use of loan proceeds, the impact of any new programs supported or funded by loan proceeds, and any obstacles encountered affecting the credit union's ability to accomplish the objectives identified in its loan application. This report must be provided to NCUA twice a year, at the time of and together with each periodic payment due under the promissory note. NCUA estimates the burden associated with this reporting to be another four hours for each report, or an additional eight hours per year. On average, there are 50 loans outstanding at any given time for which reporting may be necessary.

The loan agreement also contemplates that other information about a credit union's business, operations and financial condition may be requested by NCUA from time to time, if necessary to permit the Fund to maintain or to otherwise fully effectuate the purposes of the loan agreement. NCUA estimates it will request this additional information only with respect to ten percent of outstanding loans and that the burden associated with compliance with this request will be sixteen hours.

This yields an estimated annual burden of 1,100 hours for this information collection. Burden hours are broken out and itemized in Question #12, Part 2 of this statement.

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Part 2

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.***

Part 705 of the National Credit Union Administration's (NCUA's) regulations implements authority in the Federal Credit Union Act relating to the Community Development Revolving Loan Fund (CDRLF or Fund). The CDRLF was created by Congress in 1979 with an initial appropriation of \$6 million and has been administered exclusively by NCUA since 1986. Through subsequent appropriations and earnings on Fund assets, the Fund has grown to \$13.3 million as of the end of the first quarter of 2011. The Fund serves as a source of financial support, in the form of both loans and technical assistance grants, for credit unions serving predominantly low-income members.

NCUA uses documents to implement Fund programs, including a funding application and report forms as well as, in the case of loans, a promissory note and a loan agreement. Expiration of the current OMB Control Number and proposed changes in the rule, which NCUA is seeking simultaneous with this submission, prompt this request for reinstatement and modification of the currently assigned OMB Control Number to encompass the promissory note and the loan agreement. NCUA believes it makes sense to include all of these documents under a single Control Number.

Copies of the current rule as well as the proposed changes to the Loan Application and Guidelines are included in this submission.

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 promissory note evidences the obligation of a participating credit union to repay the amount of money that NCUA has lent to it from the CDRLF. The loan agreement contains the representations, warranties and commitments of the participating credit union with respect to the indebtedness, including any pledge of collateral to secure the repayment obligation. Both documents will be used by NCUA to assure and maintain the financial integrity of the CDRLF loan program. These two documents complement the previously approved information collection materials covered by Control Number

3133-0138, which have been used by NCUA to evaluate applications for financial assistance from the CDRLF and to monitor the use and effectiveness of funds provided to participating credit unions.

- 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 required to be produced or maintained under this proposal is unique to the facts of each case. However, NCUA will make the application available electronically and expects that most applicants will submit the documents electronically as most employ automated and electronic operating and reporting systems.

- 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.***

This is the only NCUA rule that pertains directly to the CDRLF program. The information collection consists of legal documents necessary to support NCUA's administration of the CDRLF and the information the rule calls for is unique to each credit union loan transaction. There is no duplication with any other required submission or recordkeeping.

- 5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-1), describe any methods used to minimize burden.***

The proposed rule change streamlines and updates the current rule; the documents contemplated in connection with it are straightforward, clearly worded and reflect the minimum information necessary for NCUA to properly and responsibly administer its responsibilities as manager of the CDRLF. NCUA has determined the proposed rule, if adopted, will not have a significant economic impact on a substantial number of small credit unions. Accordingly, the rule does not contain extraordinary burden reduction methods.

- 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.***

The documents contemplated by the rule are necessary to support the legal

requirements and obligations associated with administering a loan program in which funds are lent with an expectation of repayment. In accordance with its statutory mandate, the CDRLF is a *revolving fund*; money lent to one credit union is returned and re-lent to others. Failure to require these collections could result in funds being distributed to applicants that are financially unable to repay the loan or used for purposes inconsistent with the purpose and objectives of the statute and its regulation.

7. ***Explain any special circumstances that would cause an information collection to be conducted in a manner inconsistent with the guidelines set out in 5 C.F.R. 1320.6.***

No special circumstances exist that would cause this collection to be conducted in a manner inconsistent with OMB guidelines.

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.

The proposed changes to this information, as published in the Federal Register, include a public notice soliciting comment on this information collection. (76 F.R. 30286, May 25, 2011). The comment period for the proposal expired 60 days from publication. No public comments were received pertaining to the information collection aspects of the proposed rule.

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

NCUA will not make any payment, gift or remuneration to anyone in connection with this proposed rule.

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

The information requested would normally be available to the members of the credit union and the federal government. This request does not trigger any confidentiality concerns.

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.

There are no questions of a sensitive nature related to this proposed rule.

12. Provide estimates of the hour burden of the collection of information. Provide estimates of annualized cost to respondents for the hour burdens for collections of information.

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This yields an estimated annual burden of 1,100 hours for this information collection, as broken out and itemized below:

a. Loan Application

Average number of applications annually:	15
Annual hour burden:	40

40 hours x 15 = 600

b. Promissory Note and Loan Agreement

Average number of new loans annually: 5

Annual hour burden: 4

$$4 \text{ hours} \times 5 = 20$$

c. Regular Periodic Reports

Number of respondents: 50

Frequency of response: twice per year

Annual hour burden: 4 (twice yearly)

$$8 \text{ hours} \times 50 = 400$$

d. Irregular Reports as requested by NCUA

Number of respondents: 5

Frequency of response: once per year

Annual hour burden: 16

$$16 \text{ hours} \times 5 = 80$$

Total hours:

$$600 + 20 + 400 + 80 = 1,100$$

13. Provide an estimate of the total annual [non-hour] cost burden to respondents or recordkeepers resulting from the collection of information.

All credit unions are closely regulated and subject to oversight, and as such are routinely required to maintain records and make reports concerning their regular, daily operations. All typically maintain adequate resources sufficient to comply with this information collection as part of their customary and usual business operations. No additional hiring, equipment, supplies or outside services are necessary to meet these obligations.

14. Provide estimates of annualized cost 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.

NCUA currently staffs and administers the CDRLF programs through its Office of Small Credit Union Initiatives, which has adequate staffing and resources to manage this information collection. In addition, NCUA conducts regular, periodic examinations of federal credit unions and also frequently participates in examinations of federally insured, state chartered credit unions. Insofar as these examinations consider all

aspects of a credit union's business, there is no additional cost to the NCUA (or any other agency) relating to the information collection contained in this rule.

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

Although this is an update and reinstatement of an existing information collection, it does not represent or entail significant or substantive change from the mission of the existing program.

16. For collections of information whose results will be published, outline plans for tabulation and publication.

As noted above, NCUA currently publishes summary information about its CDRLF loan program on its website, including the identity and initial loan amounts approved for various credit union borrowers. Details concerning the loans, including the information contained in the loan application, as well as information about the performance of the loans and any information contained in periodic or intermittent reports from borrowers, will not be made public. This information is either not covered by or exempt from disclosure under the Freedom of Information Act. There are no plans to publish or disseminate any of this information publicly.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

NCUA intends to include the OMB control number, including its expiration date, in connection with this information collection.

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.

There are no exceptions to the certification statement identified in Item 19 of the OMB Form 83-I.

B. Collections of Information Employing Statistical Methods

Not applicable, this collection does not employ statistical methods.