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National Credit Union Administration

TO: Shagufta Ahmed, Desk Officer  
Office of Management and Budget (OMB)

FROM: Tonya Sweat, Consumer Compliance Policy & Outreach Director /s/  
Office of Consumer Protection (OCP)

SUBJ: Request for Emergency Clearance for NCUA Collection – Interagency Reverse  
Mortgage Guidance

DATE: April 16, 2013

The purpose of this memorandum is to request an emergency clearance approval from the Office of Management and Budget (OMB) for a National Credit Union Administration (NCUA) collection under Interagency Reverse Mortgage Guidance (the Guidance), in accordance with the Paperwork Reduction Act (“PRA”).

In August 2010, NCUA, the Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (FRB), Federal Deposit Insurance Corporation (FDIC), and Office of Thrift Supervision (collectively, the Agencies) issued guidance for managing compliance and reputation risks associated with reverse mortgage products. 75 Fed. Reg. 50801 (August 17, 2010). The Guidance contained information collection requirements that were subject to PRA approval. The Agencies issued two requests for comments regarding the information collection and received no comments. 74 Fed. Reg. 66652 (December 16, 2009); 75 Fed. Reg. 50801 (August 17, 2010).

The OCC, FRB, and FDIC received OMB control numbers for the information collection, and their numbers will expire later this year. The OCC’s control number is 1557-0246,<sup>1</sup> FDIC’s number is 3068-0176, and the FRB’s number is 7100-0330. NCUA did not receive an OMB control number with the other agencies and is requesting an emergency clearance approval of the information collection associated with reverse mortgage products, as soon as practicable, to allow continued, consistent implementation of the interagency Guidance.

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<sup>1</sup> The Office of Thrift Supervision’s information collection was approved under OMB Control Number 1550-0130, and was transferred to OCC as OMB Control Number 1557-0285 on July 21, 2011.

## **Justification for Emergency Clearance**

To ensure consistent enforcement of the Guidance among the Agencies, it is imperative that NCUA have an OMB control number for the information collection. In accordance with the Federal Financial Institutions Examination Council (FFIEC) Act of 1978, the Agencies must prescribe uniform principles and standards for the federal examination of financial institutions and make recommendations to promote uniformity in the supervision of financial institutions. As the FFIEC, the Agencies' actions are designed to promote consistency in examination and ensure progressive and vigilant supervision. 12 U.S.C. 3301. The Agencies issued the Guidance to address compliance and reputation risks associated with reverse mortgages, which are complex loan products typically offered to elderly consumers. The Agencies expected financial institutions to use the Guidance in their efforts to ensure their risk management and consumer protection practices adequately address the compliance and reputation risks.

The Guidance included reporting, recordkeeping, and disclosure requirements. Specifically, the Guidance encouraged financial institutions offering proprietary reverse mortgages to follow or adopt relevant home equity conversion mortgage (HECM) requirements for mandatory counseling, disclosures, affordable origination fees, restrictions on cross-selling products, and reliable appraisals. It encourages financial institutions offering HECMs or proprietary reverse mortgages to develop clear and balanced product descriptions and to make them available to consumers shopping for a mortgage. The Guidance recommended financial institutions adopt policies and procedures that prohibit directing a consumer to a particular counseling agency or contacting a counselor on a consumer's behalf. Finally, the Guidance recommended financial institutions making, purchasing, or servicing reverse mortgages through a third party to conduct due diligence and establish criteria for third party relationships and compensation. NCUA estimates a total of 4,080 hours for the information collection consisting of: 85 respondents; 40 hours to implement policies and procedures and provide training; and eight hours annually to maintain the program.

The Agencies are currently preparing to renew the information collection contained in the Guidance. Approving this emergency request will not result in undue harm to credit unions, as they have been complying with the Guidance for approximately three years now. NCUA will continue to participate in the interagency renewal process, and an approval of this emergency request will ensure the Agencies' information collection remains consistent.

You may contact me at 703-518-1142 or via email at [mgreen@ncua.gov](mailto:mgreen@ncua.gov) if you have any questions regarding this request.