

Supporting Statement for Paperwork Reduction Act Submission
Third Party Servicing of Indirect Vehicle Loans
12 CFR §701.21(h)
OMB Control Number 3133-0171
2013

A. Justification

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.

NCUA Rules and Regulations §701.21(h) establishes limits at federally-insured credit unions on the purchase of interests in indirect vehicle loans serviced by any particular third-party servicer. These indirect, outsourced programs create numerous risks to the credit union, and the rule ensures that these risks will not lead to significant negative impacts on the credit union's net worth and losses to the National Credit Union Share Insurance Fund. The rule allows a credit union to apply for a waiver of the limits, but to obtain a waiver the credit union must demonstrate to the NCUA that it understands the risks and has taken appropriate measures to monitor and protect itself against the risks.

2. Indicate how, and 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 information is used by the National Credit Union Administration to determine if a credit union applying for a waiver qualifies for that waiver.

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.

Because the waiver requests consist primarily of qualitative data, the NCUA call report system cannot be used for this collection. In addition, waiver requests which would require this data collection are too infrequent to warrant imposing the burden of additional call report line items.

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 information collection is unique to federally-insured credit unions and is not duplicated elsewhere.

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

The burden is minimal if any. The majority of NCUA's regional offices report that no credit unions have requested waivers of the limits imposed by §701.21(h) on the purchase of indirect, outsourced vehicle loans. Therefore, NCUA continues to expect that few, if any, credit unions are likely to seek a waiver of these limits.

6. *Describe the consequences 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.*

Each credit union applying for a waiver will be unique, and the information provided to NCUA through this information collection is necessary to determine the credit union's suitability for a waiver. It is not possible to avoid the collection or conduct it less frequently.

7. *Explain any special circumstances that would cause an information collection to be conducted in a manner inconsistent with 5 CFR § 1320.5(d) (2).*

There are no special circumstances.

8. *Describe efforts to consult with persons outside the agency.*

Notice of the proposed information collection and request for comment was published with a 60-day comment period in the Federal Register on July 29, 2013 (78 FR 45572). NCUA did not receive any comments regarding the collection.

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

No payment, gift or remuneration is provided.

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

None.

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.

12. Burden Estimate.

NCUA estimates that approximately 15 federally-insured credit unions may apply for a waiver in any given year and that it will take an average of 50 hours per respondent to prepare the waiver request. Thus, the total annual collection burden would be about 750 hours. We believe this information would be compiled by internal credit union staff, with the bulk of the hours clerical in nature. Potential total cost burden might be about 750 hours times \$31.56/hr, or \$23,670.

13. Provide an estimate of the total annual cost burden to respondent or recordkeepers resulting from the collection of information.

- (a) Total capital and start up costs: None.
- (b) Total operation and maintenance and purchase of services: None (other than described in section 12 above).

14. Provide estimates of annualized cost to the Federal government.

The NCUA would likely spend an average of 8 man-hours processing each waiver request and 2 man-hours reviewing and supervising that processing. The wage rate for processing is about \$37 an hour, and the wage rate for review and supervision is about \$55 an hour. The total NCUA cost for each waiver request is then 15 x 8 x \$37 plus 15 x 2 x \$55, or \$6,090.

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-1.

This is a reinstatement of a previously approved collection. NCUA refined and adjusted upward the estimate of credit union labor costs in item 13, and refined and adjusted downward labor costs to the Federal government in item 14.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

No plans for publication.

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 is not seeking approval to not display the expiration date for OMB approval of the information collection.

18. Explain each exception to the certification statement identified in item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-1.

There are no exceptions to the certification statement.