

**Supporting Statement for Paperwork Reduction Act Submission
3133-0143
Loans in Areas Having Special Flood Hazards
September 2013**

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

This collection of information is required by section 303(a) of the National Flood Insurance Reform Act of 1994, amending the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973 ("Flood Act"). 42 U.S.C. 4001 - 4129.

As required by the Flood Act, NCUA and the other federal financial institution regulators have coordinated in issuing substantially similar joint implementing regulations for the financial institutions they supervise. NCUA's regulation for federally insured credit unions is 12 C.F.R. Part 760. The obligation of credit unions to comply with the Part 760 requirements is mandatory. This collection of information is not new, but a reinstatement of current burden.

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 information collections under Part 760 are recordkeeping and disclosure requirements imposed on credit unions. The information collection requirements are triggered by specific events in the lending process. The records are maintained by credit unions and are not provided to NCUA. In general, the Flood Act and Part 760 provide that a lender (credit union) shall not make, increase, extend, or renew a loan secured by a building or mobile home located in a special flood hazard area unless the security property is covered by flood insurance for the term of the loan. With respect to the recordkeeping and disclosure provisions, the regulation requires credit unions to:

- Retain a completed copy of the Standard Flood Hazard Determination (SFHD) form developed by the Federal Emergency Management Agency (FEMA). The SFHD form is used by lenders to document their determination of whether improved property securing a loan is in a special flood hazard area;

- Notify a borrower and servicer when loans secured by improved property are determined to be in a special flood hazard area and notify them whether flood insurance is available;
- Notify the borrower and servicer if the security property becomes newly located in a special flood hazard area due to remapping of flood hazard areas by FEMA, which would obligate the borrower to obtain flood insurance;
- Notify a borrower whose mandated flood insurance policy has expired of the borrower's obligation to obtain flood insurance. If the borrower fails to obtain the flood insurance following this notification, the credit union or its servicer must purchase flood insurance on the borrower's behalf and charge the borrower for the cost of the premiums and fees (forced placement). The credit union or its servicer must force-place flood insurance on the borrower's behalf if the borrower, after notification, fails to obtain mandated flood insurance due to remapping; and
- Notify FEMA of the identity of, and any change in, the servicer of a loan secured by improved property in a special flood hazard area.

The notice to the borrower is used to assist him or her in decision-making about purchasing flood insurance for the collateral used to secure the loan.

The borrower notice is provided to the loan servicer to inform the servicer of its responsibility to perform certain tasks for the lender, such as collecting flood insurance premiums. The Flood Act requires the credit union to retain a record of the receipt of the borrower notice by the borrower and the servicer. The credit union uses the forced placement notice to inform the borrower of his or her obligation to purchase and maintain flood insurance for the term of the loan.

FEMA uses the servicer notice(s) to maintain current information on where to direct inquiries or send notices of flood insurance renewals.

The NCUA uses the completed copy of the SFHD form and receipts from the borrower and servicer to verify compliance.

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.

Credit unions may use any information technology available to provide any required notices or to retain required records.

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 the credit union and to the loan. It is not duplicated anywhere.

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.

The collection of information does not have a significant impact on a substantial number of small credit unions . Under Part 760, credit unions may use the SFHD form provided by FEMA to notify borrowers. In Part 760 NCUA also supplies a form of notice to the borrower that satisfies the borrower notice requirements.

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.

This information collection is conducted only for loans secured by buildings or mobile homes located in special flood hazard areas. Less frequent collection would substantially impair the effectiveness of the program. If the collection occurred less frequently, NCUA would be unable to verify compliance.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- **requiring respondents to report information to the agency more often than quarterly;**

- *requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;*
- *requiring respondents to submit more than an original and two copies any document;*
- *requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;*
- *in connection with a statistical survey, that is not designed to produce valid and reliable results than can be generalized to the universe of study;*
- *requiring the use of a statistical data classification that has not be reviewed and approved by OMB;*
- *that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or*
- *requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.*

Not applicable. This information collection is conducted in accordance with OMB's guidelines under NCUA's flood insurance regulation at 12 CFR Part 760.

8. If applicable, 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.

- *Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years - even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.*

This is a request for an emergency review. Nevertheless, notice of the proposed information collection was published in the Federal Register on August 12, 2013 with a 60-day comment period. 78 Fed. Reg. 48912. No comments have been received.

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

Not applicable; no payment or gift provided.

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

Not applicable. Because NCUA does not collect any information, no issue of confidentiality would normally arise. However, should the records required by the Part 760 requirements come into possession of NCUA during an examination of a credit union, those records would be protected from disclosure by exemption 8 of the Freedom of Information Act (FOIA). 5 U.S.C. §552(b)(8).

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. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

No questions of a sensitive nature are involved.

12. Provide estimates of the hour burden of the collection of information. The statement should:

- **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.**
- **If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.**
- **Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 14.**

There are 3 elements (ICs) related to this collection of information:

IC 1. Collection of Standard Flood Hazard Determination (SFHD) Form

The NCUA estimates that 3,727 credit unions will have 1,296,000 transactions with security property located in special flood hazard areas requiring the collection of the SFHD form. The NCUA further estimates that it will take a credit union approximately five minutes to complete this form.

1,296,000 responses x 5 minutes each = 108,000 burden hours.

IC 2. Execution of Additional Notices

The NCUA estimates that 15 percent of the 1,296,000 transactions will require the credit union to provide the four required notices and it is estimated that a credit union will take approximately 5 minutes to execute these notices.

194,400 responses x 5 minutes each = 16,200 burden hours.

IC 3. - Maintain Required Recordkeeping of SFHD Form in Loan File

The credit union is required to retain a copy of the completed SFHD form in its loan file for the period of time the credit union owns the loan. The NCUA believes that the required recordkeeping is simple (place a copy of the SFHD Form in the loan file) and is a usual and customary business practice (copies of all loan documents are retained). Therefore, the NCUA estimates that one hour per credit union per year is an appropriate recordkeeping burden.

3,727 recordkeepers x 1 hour = 3,727 recordkeeping hours

The NCUA estimates that the total annual burden for the collection of information is 127,927 burden hours.

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

Not applicable; no cost to respondents/record-keepers.

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. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.

Not applicable. The estimated cost to NCUA is negligible.

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

Not applicable; this is a reinstatement of a previously approved collection. There have been no changes to the program requirements, however, the burden hours have changed due to changes in the number of credit unions.

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

Not applicable. No publication will be made as a result of this collection.

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-I.

There are no exceptions to the certification statement.