

PAPERWORK REDUCTION ACT EXTENSION NOTICE

SUPPORTING STATEMENT
for the Paperwork Reduction Act Information Collection Submission for
[Modification (Amendment) of OMB Control Number 3133 – 0138
12 C.F.R. Part 705
Community Development Revolving Loan Fund – Loan and Grant Programs
2014]

Part 1

A. JUSTIFICATION

1. Necessity of Information Collection

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's total assets totaled to \$17.5 million as of June 20, 2014. 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.

Merger of OMB Number Documents (Summary)

NCUA is seeking to merge OMB Control Number 3133-0137 with OMB Control Number 3133-0138.

- OMB Control Number 3133-0137 contains documents for the Community Development Revolving Loan Fund (CDRLF) technical assistance grants (grants) program (705.3 and 705.10) and
- OMB Control Number 3133-0138 contains documents for the CDRLF loan program (705.0 thru 705.9)

The merger of the OMB Control Numbers is sensible because:

- Both programs are administered by the same employees in the same office within NCUA – Office of Small Credit Union Initiatives (OSCUI).
- Funding under both programs are available to the same pool of applicants (low-income designated credit unions).
- Both programs are administered under NCUA Rules & Regulations Section 705.
- Applicants for both programs will utilize the same online application system.
- Interest from the loan program fund is utilized for the urgent need grant program initiative.

The documents submitted related to the loan program include the loan application, agreement, promissory note, interest rate policy, periodic reports and irregular activities which were all approved in the current OMB Control Number 3133-0138.

As a result of NCUA's efforts to revamp the program, the documents submitted for the grant program may differ (in form rather than content) from what was previously submitted. The documents submitted related to the grant program (from OMB Control Number 3133-0137) include the grant application, reimbursement requests, periodic reports and some irregular activities.

2. Purpose and Use of the Information Collection

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 and in the case of technical assistance grants (grants), application, extension document and additional documents based on grant initiative.

The documents are used to evaluate and administer applications for financial assistance from the CDRLF and to monitor the use of funds and monitor the effectiveness of funds utilized by participating credit unions

3. Consideration Given to Information Technology

The information required to be produced or maintained under this proposal is unique to the facts of each case. However, NCUA administers both the loan and technical assistance program with a fully-automated online system (from CyberGrants) to increase internal and external efficiencies. Applicants will be required to submit the information using the online system and NCUA uses the same system to evaluate and manage applications.

4. Duplication

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 and grant application. There is no duplication with any other required submission or recordkeeping. The information requested in the application is not available from other sources. The information is submitted once only.

5. Effect on Small Entities

NCUA is revamped the grant and loan program in 2011 and 2012 to increase internal and external efficiencies. This includes decreasing the burden to low-income designated credit unions by streamlining all forms, processes, and guidelines.

6. Consequences of Not Conducting Collection

CDRLF program's purpose is to provide assistance to the low-income designated credit unions serve their underserved community.

Loans

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.

Technical Assistance

The information requested is used to assess financial viability and suitability to receive funding under the program guidelines. Without the information, there would be no basis upon which to award grant funding. The information is requested only once and could not be collected less frequently.

7. Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)

No special circumstances exist that would cause this collection to be conducted in a manner inconsistent with OMB guidelines. then state: “There are no special circumstances. This collection is consistent with the guidelines in 5 CFR 1320.5(d)(2).”

8. Consultations Outside the Agency

The Technical Assistance Application process is discussed at regional conferences, credit union meetings, league conferences, and other federal agency conferences on an ongoing basis. The credit union community provides feedback on the application process at these forums.

In addition, notice of the proposed changes and a request for comments was published in the Federal Register on March 11, 2013 (78 F.R. 15380) and on May 3, 2013 (78 F.R. 26089). No comments were received.

9. Payment or Gift

NCUA will not make any payment, gift or remuneration to anyone in connection with this collection of information.

10. Confidentiality

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. Sensitive Questions

“No questions of a sensitive nature are asked. The information collection does not collect any Personally Identifiable Information (PII).”

12. Burden of Information Collection

NCUA estimates that they will receive 200 grant applications. Assuming an approval rate of 72%, 144 applicants will submit reimbursement requests once a year. Twenty percent of those 144 approved applicants (approximately 29) will submit an irregular extension and/or re-allocation request. This yields an estimated annual burden of 1,293 hours for the grant program for respondents.

The change in the annual burden hours from the previous OMB Control Number 3133-0137 submission is due to the increased number of applicants, all initiatives will be applied for at one time in the same application, and applicants and NCUA staff will utilize a fully-automated online system.

	Cyber Grants System - Grant	Reimbursement Request (Student Business Hours Certification)	Extension/ Reallocation Requests	TOTAL
# of respondents (annually)	200	144	29	373
Response frequency (annually)	1	1	1	373
<u>Credit Unions</u>				
# of hours per application (annually)	2	6	1	
Annual hour burden	400	864	29	1,293
Annual cost burden	\$12,000	\$25,920	\$ 870	\$38,790

NCUA estimates an average of fifty loan applications per year under its CDRLF program. Of this 50, applications anticipate approving approximately 15 applications. The approved applications requires additional documentation such as the loan agreement, promissory note etc. It 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. On average, there are 50 loans outstanding at any given time, including new applicants for which reporting may be necessary.

This yields an estimated annual burden of 845 hours for this information collection, as broken out and itemized below:

	Loan Applications	Promissory Note & Loan Agreement	Reporting & Record Keeping	TOTAL
# of respondents (annually)	50	15	50	115
Response frequency (annually)	1	1	2	165
<u>Credit Unions</u>				
# of hours per application (annually)	4	3	6	13
Annual hour burden	200	45	600	845
Annual cost burden	\$ 6,000	\$ 1,350	\$ 18,000	\$ 25,350

Combined Technical Assistance and Loans annual burden hours equates to 2,138 for respondents as reflected below.

Total - Tech Assistance and Loans	
	TOTAL
# of respondents (annually)	487.8
Response frequency (annually)	537.8
Credit Unions	
# of hours per application (annually)	
Annual hour burden	2,138
Annual cost burden	\$ 64,140.00

Appeal Process/Irregular Activities:

Minimal burden hour calculated: Half an hour calculated for one appeal per year at a cost of \$15 per response. One hour calculated for one irregular activity per year, at a cost of \$30 per response. During the past ten years, NCUA has received only two appeals for the technical assistance rejections and no activity for irregular activity reports. There were no loan decisions appealed. The respondents may submit the request via email or regular mail.

Totals

Total Cost Burden: \$64,185

Total Hour Burden: 2,139.5 or 2140 Hours

13. Costs to Respondents

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. Costs to Federal Government

NCUA currently staffs and administers the CDRLF programs through the Office of Small Credit Union Initiatives (OSCUI), 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.

In addition to the man hours provided in the table below, NCUA pays approximately \$30,000 annually for the maintenance and licensing of the CyberGrants system.

	Cyber Grants System - Grant	Reimbursement Request (Student Business Hours Certification)	Extension/ Reallocation Requests	TOTAL
NCUA				
Professional staff hours	100	432	22	554
Support staff hours	400	864	29	1,293
Annual hour burden	500	1,296	50	1,846
Professional staff cost	\$5,600	\$24,192	\$1,210	\$31,002
Support staff cost	\$9,200	\$19,872	\$662	\$29,734
Annual cost burden	\$14,800	\$44,064	\$1,872	\$60,736

Cyber Grants - Loans				
	Loan Applications	Promissory Note & Loan Agreement	Reporting & Record Keeping	TOTAL
NCUA				
Professional staff hours	200	45	56	301
Support staff hours	100	22.5	19	141
Annual hour burden	300	68	75	443
Professional staff cost	\$ 11,200	\$ 2,520	\$ 3,150	\$ 16,870
Support staff cost	\$ 2,300	\$ 518	\$ 431	\$ 3,249
Annual cost burden	\$ 13,500	\$ 3,038	\$ 3,581	\$ 20,119

NCUA	
Professional staff hours	855
Support staff hours	1,434
Annual hour burden	2,289
Professional staff cost	\$ 47,871.60
Support staff cost	\$ 32,983.15
Annual cost burden	\$ 80,854.75

Total Cost to Government: \$110,854.75

15. Changes in Burden

Other than automation, there are no significant or substantive changes from the mission of the existing program.

16. Information Collection Planned for Statistical Purposes

Not applicable. This information is not used for statistical purposes. NCUA only publishes summary information about its CDRLF loan and grant program on its website, including the identity and initial loan and grant amounts approved for various credit union borrowers.

17. Approval to Omit OMB Expiration Date

We request authorization to omit the expiration date on the electronic version of the form for design and IT project scheduling reasons.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

“This collection complies with the requirements in 5 CFR 1320.9.”

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

“This collection does not involve statistical methods.”