

SUPPORTING STATEMENT
Paperwork Reduction Act Information Collection Submission
Loans in Areas Having Special Flood Hazards under 12 CFR 760
OMB Control No. 3133-0143
May 2015

A. JUSTIFICATION

1. Necessity of Information Collection

Generally, NCUA is required to make this collection of information under the Federal flood statutes. Title V of the Riegle Community Development and Regulatory Improvement Act of 1994 (Public Law 103-325, 108 Stat. 2255), known as the National Flood Insurance Reform Act of 1994, comprehensively amended the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001 - 4129) (the Flood Acts). Under the Flood Acts, federally insured credit unions must follow recordkeeping and disclosure provisions regarding certain loans that require flood insurance.

2. Purpose and Use of the Information Collection

NCUA is requesting a reinstatement of a previously approved collection of information for 3133-0143 (12 CFR Part 760, Loans in Areas Having Special Flood Hazards). The Flood Acts made the purchase of flood insurance mandatory in connection with loans made by regulated lending institutions (such as credit unions) when the loans are secured by improved real estate or mobile homes located in a special flood hazard area in a participating community. NCUA, along with other financial institution regulators, issued regulations governing the lending institutions they supervise. Therefore, under Part 760 of NCUA's regulations, a federally insured credit union shall not make, increase, extend, or renew any designated loan unless the building or mobile home and any personal property securing the loan is covered by flood insurance for the term of the loan. A designated loan means a loan secured by a building or mobile home that is located or to be located in a special flood hazard area in which flood insurance is available under the Flood Acts.

Specifically, a federally insured credit union is required to follow the provisions below.

A. Recordkeeping

§ 760.6: IC #1 - Retention of Standard Flood Hazard Determination Form

A credit union must retain a completed copy of the Standard Flood Hazard Determination Form developed by the Federal Emergency Management

Agency (FEMA). This form is used by lenders, such as credit unions, to document their determination of whether a building or mobile home offered as collateral security for a loan is or will be located in a special flood hazard area in which flood insurance is available.

A credit union must retain a copy of the completed Standard Flood Hazard Determination Form for the duration of the loan. NCUA uses this record to verify compliance.

B. Disclosures: As required by the Flood Acts and Part 760, a credit union must retain a record of the receipts of all disclosures listed below. NCUA uses this record to verify compliance.

§ 760.9 and Appendix: IC #2 - Notice of Special Flood Hazards to Borrower and Servicer

A credit union must notify a borrower and the servicer when a building or mobile home offered as collateral security for a loan is determined to be in a special flood hazard area and notify them whether flood insurance is available.

This notice informs a borrower whether the property securing the loan is located in a special flood hazard area, whether flood insurance on the property securing the loan is required, and includes a description of the flood insurance purchase requirements. In addition, the notice provides a borrower with information regarding the availability of Federal assistance in the event of a declared Federal flood disaster.

§ 760.10: IC #3 - Notice to FEMA of Servicer and IC #4 - Notice to FEMA of Change in Servicer

A credit union must notify FEMA of the identity of, and any change in, the servicer of a loan secured by a building or mobile home located or to be located in a special flood hazard area.

This notice to FEMA informs FEMA of the identity of the initial loan servicer and, if necessary, of changes in servicers. FEMA uses this notice to maintain current information for direct inquiries and flood insurance policy renewals. A notice is also provided to the loan servicer to assist in making the servicer aware of its responsibility for performing certain tasks on behalf of the lender, such as collecting insurance premiums.

§ 760.7: IC #5 - Notice to Borrower of Lapsed Mandated Flood Insurance and IC #6 - Purchase of Force-Placed Flood Insurance

A credit union must notify a borrower whose mandated flood insurance policy has expired or if the policy covers an amount less than the required amount, of the borrower's obligation to obtain a flood insurance policy for the required amount. If the borrower fails to obtain a flood insurance policy for the required amount 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.

§§ 760.7 and 760.9: IC #7 - Notice to Borrower and Servicer of Remapping and IC #8 - Purchase of Force-Placed Flood Insurance for Borrower from Remapping

A credit union must notify a borrower and the servicer if the secured 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. In addition, the credit union or its servicer must purchase flood insurance on the borrower's behalf if the borrower, after notification, fails to obtain mandated flood insurance due to remapping, and charge the borrower for the cost.

3. Consideration Given to Information Technology

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

4. Duplication

This information collection is unique to a credit union and to each loan. It is not duplicated anywhere.

5. Effect on Small Entities

This collection of information does not have a significant impact on a substantial number of small credit unions. Credit unions may use the Standard Flood Hazard Determination Form (provided by FEMA) to notify borrowers. In addition, the Appendix to Part 760 provides a sample model notice for credit unions.

6. Consequences of Not Conducting Collection

This information collection is conducted only for loans secured by improved real estate or a mobile home located in flood hazard areas. Less frequent notice would substantially impair the effectiveness of the program.

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

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 required Federal Register notice with a 30-day public comment period soliciting comments on this collection of information was published on May 28, 2015. (80 Fed. Reg. 30499). NCUA did not receive any comments.

9. Payment or Gift

There is no intent by NCUA to provide payment or gifts for information collected.

10. Confidentiality

Not applicable. There is no issue of confidentiality because NCUA does not collect any information. NCUA may review records required by Part 760 during a credit union examination. However, 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. Sensitive Questions

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

12. Burden of Information Collection

	Number of Respondents	Estimated Annual Frequency	Estimated Average Response Time (minutes)	Estimated Annual Burden (Hours)	Cost per Hour	Total Cost (\$ Millions)
Recordkeeping						
IC #1 - Retention of Standard Flood Hazard Determination Form	4,032	270	2.5	45,360	43.535	1.97
Disclosures						
IC #2 - Notice of Special Flood Hazards to Borrower and Servicer	4,032	54	5	18,144	43.535	0.79
IC #3 - Notice to FEMA of Servicer	4,032	54	5	18,144	43.535	0.79
IC #4 - Notice to FEMA of Change in Servicer	4,032	27	5	9,072	43.535	0.39
IC #5 - Notice to Borrower of Lapsed Mandated Flood Insurance	4,032	11	5	3,696	43.535	0.16
IC #6 - Purchase of Force-Placed Flood Insurance	4,032	3	15	3,024	43.535	0.13
IC #7 - Notice to Borrower and Servicer of Remapping	4,032	5	5	1,680	43.535	0.07
IC #8 - Purchase of Force-Placed Flood Insurance for Borrower from Remapping	4,032	3	15	3,024	43.535	0.13
Total				56,784		
Totals				102,144		4.4

13. Costs to Respondents

Cost was calculated in Item 12. Hourly rate was determined by the NCUA's Office of the Chief Economist.

14. Costs to Federal Government

Not applicable. The estimated cost to NCUA is negligible.

15. Changes in Burden

There have been no changes to the program requirements, however, the burden hours have changed due to changes in the number of applicable credit unions.

16. Information Collection Planned for Statistical Purposes

Not applicable. The information collection is not used for statistical purposes.

17. Approval to Omit OMB Expiration Date

NCUA is not seeking approval to omit the expiration date.

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.