

Supporting Statement
NATIONAL CREDIT UNION ADMINISTRATION

**Nondiscrimination Requirements in Real Estate-Related Lending –
Appraisals (12 CFR §701.31)
OMB No. 3133-0068**

A. Justification

1. Circumstances that make the collection of information necessary:

The Fair Housing Act (Act), which is title VIII of the Civil Rights Act of 1968, as amended (42 U.S.C. 3601 *et seq.*), makes it unlawful for any lender to discriminate in its housing-related lending activities against any person because of race, color, religion, national origin, sex, handicap, or familial status. Anyone who is in the business of providing housing-related loans is subject to the Fair Housing Act.

Section 701.31 of NCUA's regulations implements requirements of the Fair Housing Act. It requires Federal credit unions (FCUs) to maintain a copy of the real estate appraisal used to support an applicant's real estate-related loan application and to make it available to that member/applicant for a period of 25 months (§701.31(c)(5)). The regulation also requires FCUs that use the collateral's location as a factor in evaluating real estate-related loan applications to disclose such fact on the appraisal, along with a statement justifying its use (§701.31 (c)(4)) .

2. By whom, how, and for what purpose the information is to be used:

NCUA and consumers use the information to ensure compliance with Fair Housing Act nondiscrimination requirements that prohibit consideration of race, color, religion, national origin, sex, handicap, or familial status in real estate appraisals.

3. Consideration of the use of improved information technology:

The FCU Act does not prescribe any particular form in which the collected information must be kept. Under NCUA regulations, FCUs may use any format, electronic or other, to maintain, search for, and produce responsive records (12 C.F.R. §749.5). Therefore, to the degree that credit unions have available to them technology that would simplify retaining the necessary information, they may use it to reduce the burden imposed by the regulation.

4. Efforts to identify duplication:

The information collection requirement is unique to each FCU and loan applicant and is not duplicated elsewhere.

5. Methods used to minimize burden if the collection of information has a significant impact on a substantial number of small entities:

The information collection does not have a significant impact on a substantial number of small credit unions. NCUA has reduced the burden for this collection to the minimum possible and in keeping with NCUA's supervisory responsibilities.

6. Consequence to the Federal program if the collection were conducted less frequently:

It is not possible to collect this information less frequently and remain in compliance with anti-discrimination statutes and regulations and sound business practices. The appraisal is only completed prior to closing most real estate loans.

7. Special circumstances necessitating collection inconsistent with 5 CFR §1320.5(d)(2):

There are no special circumstances. The collection of information is conducted in a manner consistent with the guidelines in 5 CFR §1320.5(d)(2).

8. Efforts to consult with persons outside the agency:

A 60-day notice was published in the *Federal Register* on October 20, 2016, at 81 FR 72618, soliciting comments from the public. NCUA did not receive any comments regarding the collection.

9. Explain any decision to provide any payment or gift to respondents:

NCUA will make no payments to credit unions for this collection of information.

10. Describe any assurance of confidentiality provided to respondents:

There is no assurance of confidentiality except that provided by law.

11. Additional justification for any questions of a sensitive nature:

No personally identifiable information (PII) is collected.

12. Estimates of hour and cost burdens of the collection of information:

The real property appraisal is an integral part of most real estate-related loan transactions. Should the appraisal use geographic factors in evaluating the collateral, the regulation requires that the factors be documented in the appraisal and the appraisal be retained in the loan file. The appraisal, documentation factors affecting the appraisal, and retention of the appraisal are all routinely included in most real estate loan transactions. Therefore, there are no additional costs in time for the credit union. NCUA

estimates that the time required for this recordkeeping requirement is 1 hour per year for each FCU. As of March 31, 2016, there were 3,721 FCUs that could make real estate-related loans.

1 hour X 3,721 respondents/recordkeepers = 3,721 burden hours.

13. Estimates of annualized capital and start-up costs:

There are no operational costs as a result of the recordkeeping requirement.

14. Estimates of annualized cost to the Federal Government:

There are no costs to the Federal Government with this collection.

15. Explanation of change in burden:

This is an extension of a previously approved collection. This submission reflects an adjustment in the number of respondents attributable to a decrease in the number of FCUs.

16. Information collection data planned to be published for statistical use:

No data will be published for statistical purposes.

17. Explanation of seeking approval not to display the expiration date for OMB approval of the information collection:

The OMB control number and expiration date associated with this PRA submission will be displayed on the Federal government's electronic PRA docket at www.reginfo.gov.

18. Exception to the certification statement:

There is no exception to the certification statement.

B. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.