

SUPPORTING STATEMENT
OMB 3133-0061
Central Liquidity Facility Part 725

A. JUSTIFICATION

1. Necessity of Information Collection

Part 725 contains the regulations implementing the National Credit Union Central Liquidity Facility Act, subchapter III of the Federal Credit Union Act. The National Credit Union Administration Central Liquidity Facility is a mixed-ownership Government corporation within the National Credit Union Administration. It is managed by the National Credit Union Administration Board and is owned by its member credit unions. The purpose of the Facility is to improve the general financial stability of credit unions by meeting their liquidity needs and thereby encourage savings, support consumer and mortgage lending and provide basic financial resources to all segments of the economy. The Central Liquidity Facility achieves this purpose through operation of a Central Liquidity Fund (CLF)

This collection of information contains the forms to collect the information necessary to implement the lending operations of the CLF.

Credit unions must join the Central Liquidity Facility (CLF) to gain access to CLF services. NCUA Rules and Regulations §725.3(a)(1) and 725.4(a)(1) state a credit union may become a member of the CLF by making application on a form approved the CLF and furnishing applicable supporting documentation. The information requested on the form and the supporting documentation is necessary to establish the relationship between the CLF and the credit union and to determine the amount of the applicant's stock subscription as required by 12 USC 1795c.

NCUA Rules and Regulations §725.20, requires member of the Central Liquidity Fund (CLF), to sign the repayment, security and credit reporting agreement in order to receive loans from the CLF. This form (CLF-8703) is the contract required to document loans made by the CLF to have an enforceable legal right to repayment of said loan, create a security interest in the specified asset in case of non-repayment, and establish reporting requirements for monitoring the credit union's financial condition when it has a CLF loan. The form and limited information required is a one-time, open-ended contract.

Information is not collected on CLF-8703; however, if a member receives a CLF loan, the form may impose certain reporting requirements when required. The information reported is used to evaluate any change in the credit union's financial condition that would adversely affect the ability to repay the CLF loan.

Central Liquidity Facility (CLF) member may apply for extensions of credit for short-term adjustment, seasonal and protracted adjustment credit to meet liquidity needs. The forms are necessary for the CLF to determine credit worthiness, as required by 12 USC 1795e(2).

2. Purpose and Use of the Information Collection

A signed application form is necessary to clearly document the credit union's intent to join the CLF. The information is used by CLF staff to approve requests to join the CLF, calculate the credit union's capital stock subscription requirement, and establish membership agreements.

In order to receive a loan from the CLF, all members electing to participate in the CLF, must have a Repayment, Security and Credit Reporting Agreement signed by the appropriate credit union officials, along with appropriate certifications that they are authorized to sign the agreement on behalf of the credit union.

Thereafter, there is no additional information submission until the credit union has a CLF loan outstanding. In this case, the credit union may be required to submit month-end financial information to assess its continued ability to repay the loan.

The information reported in the application for loan funds, statement of cash receipts and disbursements, cash flow projections and seasonal flow computation forms are used by the CLF and its corporate agents to assist in the analysis of a regular member's and agent of member's request for credit. The purpose of the analysis is to determine the applicant's ability to repay the advance requested.

3. Consideration Given to Information Technology

Credit unions may use any information technology available to prepare and submit application and month-end financial statements.

4. Duplication

There is no duplication. The information collected in this form is required in order to become a member of and borrow from the CLF.

This Information Collection Request consolidates all the collections used in administering this loan program under a single OMB number. This collection was previously approved under three separate numbers (OMB 3133-0061, OMB 3133-0063, and OMB 3133-0064). Consolidating them under a single clearance should make it easier for the public to understand how the individual instruments relate to each other.

5. Effect on Small Entities

All entities, both large and small, that meet the eligibility requirements may join the CLF. Step by step instructions have been provided for simplification, clarity and to minimize the burden in completing the form.

6. Consequences of Not Conducting Collection

Not collecting this information would prevent the CLF from obtaining the necessary information for determining member eligibility and creditworthiness.

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

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 60-day comment period soliciting comments on this collection of information was published on March 24, 2016 (81 FR 15574).

NCUA received one comment in response to this solicitation. The comment focused largely on statutory and regulatory changes to the underlying program, rather than the burden, utility, or clarity of the information requirements for which NCUA is seeking this reinstatement.

The underlying regulations in 12 CFR 725 are scheduled for review by the NCUA Board in 2016. Any required updates of technical provisions and the operating circular will take place after that review is complete. Any substantive changes resulting from that review will be reflected in a subsequent submission under the Paperwork Reduction Act.

Reinstatement of this collection is required to meet the information needs of the CLF loan program as it exists today.

9. Payment or Gift

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

10. Confidentiality

Certain information obtained in the application form and any information obtained in additional background research or as part of NCUA's supervisory process is confidential and exempt from release under the Freedom of Information Act.

11. Sensitive Questions

There are no questions of a sensitive nature.

12. Burden of Information Collection

The estimated number of annual respondents that will prepare and submit the agreement is 50, based on the three year average number of respondents. Averaging one (1) hour per response, results in a total response time of 50 hours.

A credit union with a loan from the CLF must provide a copy of its month-end financial reports when required. The reports must be forwarded to the CLF each month the loan is outstanding. Loan terms average 30 days to six (6) months. The one-hour is necessary to copy and submit the reports to the CLF. Using a maximum term of six (6) months, the total burden for a credit union with a CLF loan would be six (6) hours. NCUA estimates that 10 credit unions will receive loans during the calendar year. The total burden to these credit unions would be 60 hours.

A credit union requesting funds must submit CLF forms (NCUA-7000). While there have been no loan applications over the past three years, NCUA estimates that up to 10 credit unions could apply for loans during a calendar year. Each of these applications is estimated to take an average of 1.5 hours to complete. Total burden to these credit unions would be 15 hours.

The average number of credit unions estimated to apply for membership each year is 50, based on the three year average number of respondents. Each response is estimated to take one hour to complete, resulting in a total annual burden of 50 hours to these respondents.

Information Collection Activity	Number of Respondents	Frequency of Response (Annual (1), Quarterly (4), etc.)	Number of Responses	Burden Hours per Response	Annual Hourly Burden
	(A)	(B)	(C)	(D)	(E)
1. Collect Repayment, Security, and Credit Report Agreement- 12 CFR 725.20	50	1	50	1.0 Hours	50 Hours
2. Copy and Submit Financial Reports	10	6	60	1.0 Hours	60 Hours
3. Complete and submit CLF Forms	10	1	10	1.5 Hours	15 Hours
4. Submit Membership Application and supporting documentation	50	1	50	1.0 Hour	50.0 Hours
Total (Sum)	60		160		175 Hours

The cost for each respondent is one (1) labor hour for one (1) person at an estimated rate of \$31.89. Total costs for each collection are included in the table below.

Information Collection Activity	Annual Hourly Burden (see 12 above, item E)	Hourly \$ Rate per Response	Total \$ Amount
1 Collect Repayment, Security, and Credit Report Agreement- 12 CFR 725.20	50 Hours	\$31.89	\$1,594.50
2 Copy and submit financial reports	60 Hours	\$31.89	\$1913.40
3 Complete and submit CLF Forms	15 Hours	\$31.89	\$478.35
4 Complete and submit membership application and supporting documentation	50 Hours	\$31.89	\$1,594.50
Total (Sum)	175 Hours	\$31.89	\$5,580.75

13. Capital start-up costs and operation and maintenance costs.

All equipment needed to collect, prepare, and submit financial statements, when required, is equipment used for the customary and usual business of the credit union. There is no special or additional equipment; therefore, there is no additional cost.

14. Costs to Federal Government

NCUA estimates that it will take staff 0.5 hours to review and file the Repayment, Security, and Credit Reporting Agreements for each of the 50 potential respondents. At a rate of \$80 per hour (approximate average cost (loaded) of a full time equivalent at the NCUA), the estimated total cost for NCUA to review and file the agreement is \$2,000.

NCUA estimates that it will take staff 1 hour per month to review and file the month-end financial reports for credit unions with an outstanding loan. The estimated total cost for NCUA to review and file the month-end financial statements is \$800.

NCUA estimates it will take staff 4 hours to review the forms for short-term extensions of credit. For all 50 respondents, at a rate of \$80 per hour, the estimated total cost for NCUA to review the form is \$16,000.

NCUA estimates it will take CLF staff approximately 4 hours to review the membership application and supporting documentation. The estimated annual cost for NCUA to review the membership application and supporting documentation is \$16,000.

The total estimated cost to the federal government is \$34,800

15. Changes in Burden

There have been no program changes that impact the burden. The burden has been adjusted to reflect actual activity under the program and the burden associated with this specific OMB number has increased because three collections are being combined under one clearance number.

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 requests authorization to omit the expiration date on the electronic version of the form for design and IT project scheduling reasons. The OMB control number will be displayed.

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.