

National Credit Union Administration  
**SUPPORTING STATEMENT**

Central Liquidity Facility, 12 Part 725  
OMB 3133-0061

Summary of Action – **Emergency Justification**

Pursuant to the Office of Management and Budget (OMB) procedures established at 5 CFR 1320, the National Credit Union Administration (NCUA) requests that the following collection of information, Central Liquidity Facility, be processed in accordance with section 1320.13 Emergency Processing. The NCUA has determined that this information must be collected prior to the expiration of time periods established under Part 1320, and that this information is essential to the NCUA’s ability to effectively respond to events caused by the COVID-19 pandemic. This rulemaking is designed to provide greater access to backup liquidity so that credit union operations can remain uninterrupted during this rapidly evolving crisis. Timely processing of this request will help to ensure credit unions remain operational and liquid for the duration of the economic disruption stemming from the threat posed by the Novel (new) Coronavirus (“2019-nCoV”).

NCUA is eliminating the six-month waiting period on Facility advances for a credit union that becomes a regular member. By removing these restrictions, NCUA can provide needed liquidity assistance in an expedited manner. The NCUA is also eliminating the waiting period for a credit union to terminate its membership in the Facility and understands that this flexibility is necessary to encourage the greatest number of eligible credit unions to join the Facility immediately and help the Agency, and the system at large, leverage these temporary measures and secure an adequate amount of external liquidity resources. By significantly increasing access to external funding, the Facility can better fulfill its central purpose to improve general financial stability by meeting the liquidity needs of credit unions.

**JUSTIFICATION**

**1. Circumstances that make the collection of information necessary.**

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 (CLF) is a mixed-ownership Government corporation within the National Credit Union Administration (NCUA). It is managed by the NCUA 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 CLF achieves this purpose through operation of a Central Liquidity Fund.

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 Facility 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 members of the Central Liquidity Fund, 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. Use of information technology.**

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

**4. Duplication of information.**

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

**5. Efforts to reduce burden 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 the 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).**

There are no special circumstances. This collection is consistent with the guidelines in 5 CFR 1320.5(d)(2).

**8. Efforts to consult with persons outside the agency.**

This is a request for emergency consideration. A Paperwork Reduction Act (PRA) notice will be published in the preamble of the interim final rulemaking to soliciting comments from the public. Comments will be summarized and addressed in the subsequent PRA submission.

**9. Payment or gifts to respondents.**

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

**10. Assurance of confidentiality.**

There is no assurance of confidentiality other than that provided by law. 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

**11. Questions of a sensitive nature.**

There are no questions of a sensitive nature. No personal identifiable information (PII) is collected.

**12. Burden of information collection.**

| 12 CFR |                | Form (if applicable) | Activity  | Type of Burden | # Respondents | # Responses Per Respondent | # Annual Responses | Hours Per Response | Total Annual Reporting Burden | Currently Approved (2019) | Difference |
|--------|----------------|----------------------|---|----------------|---------------|----------------------------|--------------------|--------------------|-------------------------------|---------------------------|------------|
| 1      | 725.3(a)       | CLF 8702             | <b>Application and Agreements for Regular Membership in the National Credit Union CLF Regular Membership.</b> (a) A natural person CU may become a regular member of the facility by (1) making application on a form approved by the Facility. (including reports and documents with applications)   | Reporting      | 269           | 1                          | 269                | 0.5                | 135                           | 5                         | 130        |
| 2      | 725.4(a)       | CLF 8700C            | <b>Agent membership.</b> (a) A central credit union or a group of central credit unions may become an Agent member of the Facility by (1) making application on a form approved by the Facility (includes financial and statistical report, copies of charter and bylaws, list of central CU member natural person CU.)   | Reporting      | 1             | 0                          | 0                  | 0                  | 0                             | 0                         | 0          |
| 3      | 725.4(b)(1)    |                      | (b) The NCUA Board may approve a central credit union or group of central credit unions as an Agent member of the Facility, provided the NCUA Board is satisfied that such credit union or credit union group meets certain criteria - (1) management policies are in writing.  | Record-keeping | 1             | 0                          | 0                  | 0                  | 0                             | 0                         | 0          |
| 4      | 725.4(c)(1)    |                      | (c) Each Agent, or in the case of an Agent group, each central credit union in the group, must:(1) Maintain records related to Facility activity in conformity with requirements prescribed by the NCUA Board from time to time; and  | Record-keeping | 1             | 0                          | 0                  | 0                  | 0                             | 0                         | 0          |
| 5      | 725.4(c)(2)    |                      | (2) Submit such reports as may be required by the Facility to determine financial soundness, quality and level of service, and conformity with established guidelines and procedures.   | Reporting      | 1             | 0                          | 0                  | 0                  | 0                             | 0                         | 0          |
| 6      | 725.4(f)       |                      | (f) A central credit union or group of central credit unions which becomes an Agent member of the Facility after February 23, 1980, may not receive a Facility advance without approval of the NCUA Board for a period of six months after becoming a member.   | Reporting      | 1             | 0                          | 0                  | 0                  | 0                             | 0                         | 0          |
| 7      | 725.6(a) & (b) |                      | <b>Termination of membership.</b> (a) A member of the Facility whose stock subscription constitutes less than 5 % or 5% or more of total subscribed Facility stock may withdraw from membership in the Facility 6 months after notifying the NCUA Board in writing of its intention to do so.   | Reporting      | 67            | 1                          | 67                 | 0.25               | 16.75                         | 1.25                      | 16         |
| 8      | 725.6(c)       |                      | (c) The NCUA Board may terminate membership in the Facility if, after the opportunity for a hearing, the NCUA Board determines the member has failed to comply with any provision of the National Credit Union Central Liquidity Facility Act or any regulation issued pursuant thereto. If membership is terminated under this subsection, the credit union will be required to obtain the approval of the NCUA Board before becoming a member of the Facility again. Such approval will be granted only if the NCUA Board is satisfied that the credit union will comply with such Act and regulations. | Reporting      | 1             | 0                          | 0                  | 0                  | 0                             | 0                         | 0          |

| 12 CFR         | Form (if applicable)                         | Activity   | Type of Burden | # Respondents | # Responses Per Respondent | # Annual Responses | Hours Per Response | Total Annual Reporting Burden | Currently Approved (2019) | Difference |
|----------------|--|--|----------------|---------------|----------------------------|--------------------|--------------------|-------------------------------|---------------------------|------------|
| 725.17 (a)     | 7000 pkg (individual forms identified below) | Applications for extensions of credit.(a) A Regular member may apply for a Facility advance to meet its liquidity needs by filing an application on a Facility-approved form, or by any other method approved by the Facility.   | Reporting      |               |                            |                    |                    |                               |                           |            |
|                |  | NCUA Form 7000 - Instruction to regular members for completion of a Request for Funds from National Credit Union Central Liquidity   |                |               |                            |                    |                    |                               |                           |            |
|                | 7001   | <b>Request for Funds:</b> Detail application. Form must be completed for each advance request.   | Reporting      | 269           | 1                          | 269                | 1                  | 269                           | 0.5                       | 269        |
|                | 7002   | <b>Statement of Cash Receipts and Disbursements:</b> Form should be completed with each request except seasonal requests. Detailed schedule of actual cash flow receipts and disbursements for most recent four monthly periods (including "current" month).   | Reporting      | 1             | 1                          | 1                  | 0.5                | 0.50                          | 0.5                       | 0          |
|                | 7003   | <b>Cash Flow Projections:</b> Form should be completed if total advances outstanding plus current request equals or exceeds \$250,000. Detailed schedule of projected cash flow receipts and disbursements for next seven monthly periods (including "current" month).   | Reporting      | 1             | 1                          | 1                  | 0.5                | 0.50                          | 0.5                       | 0          |
|                | 7004   | <b>Seasonal Flow Computation:</b> Form should be completed by credit unions that apply for credit to meet annual recurring seasonal flows.   | Reporting      | 1             | 1                          | 1                  | 0.5                | 0.50                          | 0.5                       | 0          |
| 725.17 (b) (1) |  | (b)(1) An Agent member may apply for a Facility advance by filing an application on a Facility-approved form, or by any other method approved by the Facility. (7000 package)  | Reporting      | 1             | 0                          | 0                  | 0                  | 0.00                          | 0                         | 0          |
| 725.20(a)      | CLF 8703                                     | <b>Repayment, security and credit reporting agreements; other terms and conditions.</b> (a) Regular and Agent members, or in the case of an Agent group, the Agent group representative, shall sign the repayment, security and credit reporting agreements prescribed by the Facility, and all Facility advances to Regular and Agent members shall be governed by the terms and conditions of such agreements. | Reporting      | 269           | 1                          | 269                | 0.5                | 134.5                         | 5                         | 130        |
|                |  | Copy and Submit Financial Reports: These reports are triggered in the event of an outstanding loan. The CU may be required to submit month-end financial reports to assess its continued ability to repay the loan.  | Reporting      | 269           | 1                          | 269                | 0.5                | 134.5                         | 0.5                       | 134        |
| 725.22(a)      |  | <b>Advances to insurance organizations.</b> (a) In accordance with policies established by the NCUA Board, the Facility may advance funds to a State credit union share or deposit insurance corporation, guaranty credit union, guaranty association, or similar organization. Requests for such advances shall be supported by an application which sets forth and supports the need for the advance.          | Reporting      | 1             | 0                          | 0                  | 0                  | 0                             | 0                         | 0          |
| <b>TOTALS</b>  |  |  |                | 269           | 4.26                       | 1,146              | 0.60               | <b>690.75</b>                 | 13.75                     | 677.00     |

Based on the labor rate of \$35 per hour, the total cost to respondents is \$24,185.

**13. Capital start-up or on-going operation and maintenance costs.**

There are no capital start-up or maintenance costs.

**14. Annualized costs to Federal government.**

| Staff Review of:  | Est. Avg. Responses | Staff Hours | Based on an hourly rate of \$82 |
|---|---------------------|-------------|---------------------------------|
| Membership application (8702) and related/support documents | 269                 | 1           | \$22,058                        |
| Extensions of credit (7000 package)                         | 269                 | 2           | \$44,116                        |
| Repayment, Security, and Credit Reporting Agreements (8703) | 269                 | 0.50        | \$11,029                        |
| Month-end financial reports                                 | 269                 | 0.50        | \$11,029                        |
| TOTAL cost to the Federal government                        |                     |             | \$88,232                        |

**15. Changes in burden.**

This is an emergency request for revision of a currently approved collection. This revised information collection requirement is essential to the NCUA's ability to effectively respond to events caused by the COVID-19 pandemic and is designed to provide greater access to backup liquidity so that credit union operations can remain uninterrupted during this rapidly evolving crisis.

NCUA is eliminating the six-month waiting period on Facility advances for a credit union that becomes a regular member. By removing these restrictions, NCUA can provide needed liquidity assistance in an expedited manner. The NCUA is also eliminating the waiting period for a credit union to terminate its membership in the Facility and understands that this flexibility is necessary to encourage the greatest number of eligible credit unions to join the Facility immediately and help the Agency, and the system at large, leverage these temporary measures and secure an adequate amount of external liquidity resources. By significantly increasing access to external funding, the Facility can better fulfill its central purpose to improve general financial stability by meeting the liquidity needs of credit unions. These temporary amendments to part 725 will increase the number of respondents from its current estimate of 5 annually to 269 during this period; with a total information collection burden of 691 hours requested.

**16. Information collection planned for statistical purposes.**

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

**17. Request non-display the expiration date of the OMB control number.**

The display of the OMB expiration date may cause confusion on the date the information is needed by the agency. Non-display is requested. OMB control number and expiration

date associated with this PRA submission will be displayed on the Federal Government's electronic PRA docket website at [www.reginfo.gov](http://www.reginfo.gov).

**18. Exceptions to the Certification for Paperwork Reduction Act Submission.**

This collection complies with the requirements in 5 CFR 1320.9.

**A. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

This collection does not involve statistical methods.