

**Supporting Statement for Paperwork Reduction Act Submission  
Overdraft and Lending-Related Incentive Pay Plan Policies (12 C.F.R. 701)  
(Previously entitled: Organization and Operations of Federal Credit Unions)  
September 2006**

**A. Justification**

*1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.*

**NCUA has authorized federal credit unions to advance money to members to cover account deficits without having a credit application on file if the credit union has a written overdraft policy. 12 C.F.R. §701.21(c)(3). NCUA believes a written policy is necessary to ensure safety and soundness in the credit union industry and protect the interests of credit union members where a federal credit union provides overdraft protection to a member without having his or her credit application on file.**

**NCUA previously authorized federally insured credit unions to offer lending-related incentive pay plans, provided they establish written policies regarding such plans. 12 C.F.R. §701.21(c)(8). NCUA believes those written policies are necessary to ensure a plan is fully considered before being adopted and for the examination process.**

*2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.*

**NCUA examiners will use the information to review credit union overdraft policies and lending-related incentive pay plan policies for safety and soundness.**

*3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.*

**Credit unions may use any available information technology to satisfy the recordkeeping requirement.**

*4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.*

**The information collection is unique to each credit union.**

*5. If the collection of information impacts small business or other small entities,*

*describe any methods used to minimize burden.*

**The collection does not impact small business or other small entities.**

*6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.*

**If the information collection were not conducted or were conducted less frequently, NCUA would be unable to adequately monitor and supervise credit unions.**

*7. Explain any special circumstances that would cause an information collection to be conducted in a manner inconsistent with 5 C.F.R. §1320.5(d)(2).*

**There aren't any special circumstances.**

*8. Describe efforts to consult with outside persons.*

**Notice of the proposed information collection extension was published in the federal register with a 60-day comment period. No comments were received.**

*9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.*

**No payment or gift is provided to respondents.**

*10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.*

**The collection does not require collection of confidential information.**

*11. Provide additional justification for any questions of a sensitive nature.*

**There are no questions of a sensitive nature.**

*12. Provide estimates of the hour burden of the collection of information.*

**NCUA estimates that approximately 1,500 credit unions will be required to have overdraft policies based on information reported in the June 2006 call report data and estimates that approximately 500 credit unions have lending-related incentive pay plans and therefore will be required to have a written policy. NCUA estimates that a credit union will need an average of three hours to comply with the overdraft policy requirement and approximately 2 hours to comply with the lending-related incentive pay policy requirement. NCUA calculates the burden hours as  $1,500 \times 3 = 4,500$  and  $500 \times 2 = 1000$  for a total of 5,500 total annual burden hours.**

*13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information.*

**4500 burden hours x \$25 per hour = \$112,500 annual cost burden**

**1000 burden hours x \$25 per hour = \$25,000 annual cost burden  
\$112,500 + \$25,000 = \$137,500.**

*14. Provide estimates of annualized cost to the Federal government.*

**There is no cost to the Federal government.**

*15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.*

**The program changes and adjustments reported in items 13 and 14 of the OMB Form 83-I are to account for the NCUA's revision of its regulation to authorize federal credit unions to advance money to members to cover account deficits without having a credit application on file if the credit union has a written overdraft policy. 12 C.F.R. §701.21(c)(3).**

*16. For collections of information whose results will be published, outline plans for tabulation and publication.*

**There are no plans to publish results.**

*17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.*

**Not applicable.**

*18. Explain each exception to the certification statement identified in Item 19, "Certification for paperwork Reduction Act Submissions, of OMB Form 83-I.*

**There are no exceptions to the certification statement.**