

Supporting Statement for
Paperwork Reduction Act Submission
3133-0153

Part 708a, Charter Conversions –documentation required for credit union directors, members, and National Credit Union Administration in the charter conversion context
October 2006

Attached is a copy of the National Credit Union Administration's (NCUA) proposed rule regarding charter conversions to mutual savings banks. The rule will appear in 12 C.F.R. part 708a.

A. Justification

1. Circumstances that make the collection necessary:

Part 708a requires insured credit unions that intend to convert to mutual savings banks or savings associations to provide notice and disclosure of their intent to convert to their members and NCUA. It also requires insured credit unions to provide additional information to NCUA at various points in the conversion process. These notice and disclosure requirements are, in part, mandated by the Credit Union Membership Access Act. They are also necessary to ensure safety and soundness in the credit union industry, and to protect the interests of credit union members in the charter conversion context.

2. Use of the information:

The information will be used by credit union directors to determine if they should adopt a plan of conversion to a mutual savings bank or savings association. The information will also be used by credit union members to determine if they wish to vote in favor of or in opposition to their credit union converting to a mutual savings bank or savings association. It also will be used by NCUA to fulfill its statutory obligation to administer the membership vote.

3. Consideration of the use of improved information technology:

This collection of information does not use automated, electronic or mechanical means of collecting the information to any large extent. Credit union conversions to mutual savings banks occur so infrequently and affect so few credit unions that it is not efficient or cost effective to devote resources to put in place highly sophisticated means of collection. .

4. Efforts to identify duplication:

No duplication is evident. Collection of this information is required only under the charter conversion rule. No other federal government agencies are collecting this same information from a converting credit union.

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

The burden is minimal. It is expected that no more than about three credit unions per year will convert their charters to mutual savings banks. The large majority of converting credit unions will not be small credit unions.

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

The information collection, at a maximum, is a one-time occurrence per credit union.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320:

There are no such special circumstances.

8. Request for comments on the information collection:

The collection of information notice and request for comments is contained in the preamble to the rule. Copy attached.

9. Payment to respondents:

There is no payment involved.

10. Any assurance of confidentiality:

Converting credit unions must identify themselves to NCUA per federal statute. NCUA does not reveal any information in a credit union's conversion materials unless required under the Freedom of Information Act.

11. Justification for questions of a sensitive nature:

The collection does not involve questions of a sensitive nature.

12. Burden estimate:

NCUA estimates that it will take an average of 320 hours to comply with the notice and disclosure requirements of part 708a. NCUA also estimates that about three insured credit unions will convert per year, so that the total annual collection burden is estimated to be about 960 hours.

13. Estimate of annualized costs to respondent:

The estimated annualized cost to a respondent is approximately \$12,800, calculated as 320 hours times \$40/hour. This is internal cost, as reported in section 14 of the OMB 83-I, not external costs (e.g., purchases of goods and services) as would be reported in section 14 of the OMB 13-I.

14. Estimate of annualized costs to the government:

The estimated annualized cost to the government is approximately \$6,000. This includes approximately 100 hours of staff time at the regional and central office level for collection and review of the information and communicating with the converting credit union, multiplied by a labor rate of \$60/hr.

15. Change in burden:

The burden of 320 hours per credit union, for an aggregate total of 960 hours, is an increase from the previously estimated burden per-credit union and in the aggregate. This increase is due to the additional information collection requirements to facilitate member-to-director and member-to-member communications in the conversion process. The increase is mitigated, however, because NCUA now estimates fewer credit unions (3) convert per year than previously estimated.

16. Collection of information whose results will be published:

NCUA will not publish.

17. Display of expiration date:

The information collection requirement is found in a rule, not a form.

18. Exceptions to certification statement:

There are no exceptions to the certification statement.

B. Collection of Information Employing Statistical Methods.

The collection does not employ statistical methods.