

**National Credit Union Administration**  
**Supporting Statement for Paperwork Reduction Act Submission**  
**OMB Control Number 3133 – 0024**  
**12 C.F.R. Part 708b**  
**Merger Related Compensation**  
**April 2007**

**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.***

This is a request to revise a currently approved collection, the requirements for which are authorized by Section 120 of the Federal Credit Union Act, 12 U.S.C. §1766 and Part 708b, Subpart A of NCUA Regulations. NCUA is proposing to expand the current disclosure requirements mandated by the rule to include specific disclosure to the NCUA, in the case of all federally insured credit unions, and to members of a merging credit union, in the case of all federal credit unions, of certain material increases in compensation for board members and senior management officials of the merging credit union.

2. ***Indicate how, by whom, and for 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 decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.***

- Basic forms and formats for a credit union to use in communicating with its members and with NCUA about mergers are available in a manual that is available electronically from NCUA's website. The changes required by this proposed revision are relatively simple additions to these basic forms and are unique to the individual circumstances involved.
- Credit unions may use electronic voting processes in obtaining the votes of their members on whether to approve a merger.

3. ***Describe any considerations of the use of improved information technology to reduce burden and any technical or legal obstacles to reducing burden.***

None other than those described in 2 above.

**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 (notifying members and providing the required information to the NCUA) is unique to the circumstances of the credit union and depends on its own determination concerning whether to increase compensation for its senior management officials. The information is self-generated and is not available from any government agency or other source.

**5. If the collection of information impacts small business or other small entities (Item 5 of OMB Form 83-1), describe any methods used to minimize burden.**

This collection does not have a significant economic impact on a substantial number of small entities. For the most part, in a merger transaction a small credit union merges into a larger credit union. The larger credit union provides substantial assistance to the smaller credit union alleviating the economic burden.

**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 obstacle to reducing burden.**

The information collection requirement is triggered only in cases involving increases in compensation that are material, defined in the rule to be the greater of an increase of \$10,000 or fifteen percent. NCUA believes this threshold strikes the correct balance and will result in disclosure of circumstances that have a potential to affect the safety and soundness of the institution and that members have a legitimate interest in reviewing. With a higher disclosure threshold, NCUA would be unable to determine whether to approve the proposed merger. Also, the credit union's members would not have sufficient information to evaluate the merger proposal.

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

This collection will not cause any information to be collected in a manner described in §1320.5(d)(2).

**8. Describe efforts to consult with persons outside the agency:**

Notice of the proposed information collection extension was published in the Federal Register with a 60 day comment period. All comments received regarding the proposal will be carefully considered by the NCUA.

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

No such decision.

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

No assurances of confidentiality.

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

No questions of a sensitive nature.

**12. Provide estimates of the hour burden:**

In the five-year period ending June 30, 2006, NCUA approved 1,567 mergers involving federally insured credit unions. On average for the past five years, therefore, there were approximately 313 mergers each year that would be covered by the proposed rule. NCUA estimates less than one percent of these mergers will involve merger related financial arrangements as defined in the proposed rule. NCUA estimates it will take the merging credit unions about five hours collectively to describe any merger related financial arrangements and include the description in the merger plan and, in cases involving a merging federal credit union, in the materials provided to the members with the ballot. One percent of 313, treating the two merging credit unions as one respondent, or 3.1 times five hours per respondent equals sixteen (rounding up from fifteen and one-half) total annual burden hours associated with this revision to the existing collection of information associated with this rule, OMB Control Number 3133-0024.

**13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in items 12 and 14).**

The proposed rule calls for certain specific information to be included, in limited circumstances, with materials (notice to members and the merger plan filed with the NCUA) already required to be produced and disseminated under the current rule. NCUA estimates the annual cost burden associated with this additional requirement to be de minimis.

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

For reasons outlined in response to question 13 above, NCUA anticipates the additional cost to the federal government associated with this revision to the existing information collection to be de minimis.

**15. Explain the reasons for any program changes or adjustments reported in Items 13 of 14 of the OMB Form 8 3-1.**

Revision of existing collection due to proposed rule changes.

**16. For collections of information whose results will be published, outline plans for tabulation, and any publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.**

No plans for publication.

**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 seeking approval.

**B. Statistical Methods.**

This collection does not employ statistical methods.