

**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)
3133-0139
June 2013**

A. Justification

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.

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 to 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 has also authorized federally insured credit unions to offer lending-related incentive pay to employees, 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 use the information to review credit union overdraft policies and lending-related employee 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 and public request for comment was published in the Federal Register with a 60-day comment period on July 19, 2013 (78 FR 43234). No comments were received on this collection of information.

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 1,725 credit unions will be required to have overdraft policies based on information reported in the March 2013 call report data and estimates that approximately 575 credit unions have lending-related employee incentive pay plans and therefore will be required to have a

written policy. NCUA estimates that a credit union will need an average of 3 hours to comply with the overdraft policy requirement and approximately 2 hours to comply with the lending-related employee incentive pay policy requirement. NCUA calculates the burden hours as $1,725 \times 3 = 5,175$ and $575 \times 2 = 1,150$ for a total of 6,325 total annual burden hours.

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

5,175 burden hours x \$25 per hour = \$129,375 annual cost burden
1,150 burden hours x \$25 per hour = \$ 28,750 annual cost burden
\$129,375 + \$28,750 = \$158,125.

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.

NCUA's estimates were based on March 2013 call report data.

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.

NCUA is not seeking approval to not display the expiration date.

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.