

National Credit Union Administration
Supporting Statement for Paperwork Reduction Act Submission
OMB Control No. 3133-0176
12 C.F.R. §701.3
Member Inspection of Credit Union Books, Records, and Minutes
August 2013

A. Justification

1. Circumstances that make the collection of information necessary.

Section 701.3 is NCUA's regulation on the circumstances and conditions under which Federal credit union (FCU) members may inspect and copy the FCU's books, records, and minutes of meetings. 12 C.F.R. §701.3. The collection of information requirements apply to FCU members seeking inspection and copying of the FCU's records and FCUs that receive such member requests. To obtain access to records, members are required to submit a petition to the FCU, stating a proper purpose for inspection and signed by at least one percent of the members, with a minimum of 20 and a maximum of 500 members. The FCU must permit inspection of relevant records if it receives such a petition. The members of an FCU own it, and the disclosure requirements placed on an FCU are necessary to ensure transparency and protect the rights of members.

2. By whom, how, and for what purpose the information is to be used.

The FCU records disclosed to members as a result of a petition will be used by the members to protect their ownership and financial interests. A properly executed petition, signed by the requisite number of members and establishing a proper purpose, helps ensure the inspection is not frivolous. The FCU uses the information in determining whether and upon what terms to provide records to members for inspection. The petition signatures collected by each FCU will be used by the FCU to verify the membership status of each petitioner.

3. Consideration of the use of improved information technology.

Member-petitioners may collect electronic signatures if they desire. Under NCUA regulations, FCUs may use any format, electronic or other, to maintain, search for, and produce responsive records. 12 C.F.R. §749.5.

4. Efforts to identify duplication.

There is no duplication. The collection does not require the FCU to create new records in response to a member petition. It only requires the FCU to identify and allow member inspection of existing records.

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

NCUA has reduced the burden for this collection of information to the minimum possible and in keeping with NCUA's supervisory responsibilities. Only the records requested, and relevant to a proper purpose, need be disclosed by FCUs. No records need be disclosed unless one percent of the members, with a minimum of 20 and maximum of 500 members, sign the requesting petition.

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

The collection only arises upon a member request. Less frequent collection is inconsistent with the underlying regulation and would not protect the ownership and financial interests of the members.

7. Special circumstances necessitating collection inconsistent with 5 C.F.R. §1320.5(d)(2).

The FCU must respond to a petition within 14 days of receipt. This quick turnaround is necessary to ensure the membership receives relevant records in a timely fashion, particularly when there is a pending membership vote at the credit union. If the credit union needs more than 14 days, it can simply inform the members of that fact within the 14-day time window.

The FCU may be required to disclose some information to its members that the credit union believes is confidential. The members, however, are entitled to this information because they own the credit union. Section 701.3 contains both procedural and substantive protections for records the release of which could harm the credit union or its members or employees. Specifically, members do not have the right to inspect any portion of the books, records, or minutes if: (1) Federal law or regulation prohibits disclosure of that portion; (2) publication of that portion could cause the credit union predictable and substantial financial harm; (3) that portion contains nonpublic personal information as defined in 12 C.F.R. §1016.3; or (4) that portion contains information about credit union employees or officials the disclosure of which would constitute a clearly unwarranted invasion of personal privacy. Furthermore, the rule provides that the NCUA Regional Director can place conditions on the member inspection of records in appropriate cases.

8. Efforts to consult with persons outside the agency.

Notice of the proposed collection and request for public comment was published in the Federal Register with a 60-day comment period on August 16, 2013 (78 FR 50115). No comments regarding this proposed collection of information were received.

9. Explain any decision to provide any payment or gift to respondents.

The information collection does not include any payment or gift to respondents.

10. Describe any assurance of confidentiality provided to respondents.

The regulation contains confidentiality provisions as described in Item 7 above.

11. Additional justification for any questions of a sensitive nature.

This information collection specifically provides that FCUs will not disclose personal information in response to a member request for records.

12. Estimates of hour and cost burdens of the collection of information.

IC 1. Preparation and submission of petition

NCUA estimates that, on an annual basis and across all FCUs, there will be only approximately five member petitions requesting inspection of FCU records. NCUA estimates that it will take a group of member-petitioners (each group treated as one respondent) approximately ten hours to prepare a petition and submit it to the FCU. Five groups of member-petitioners times ten hours per respondent equals 50 annual burden hours.

5 member-petitioner groups x 10 hours = 50 annual burden hours

IC 2. Evaluation of petition by FCU

NCUA estimates that it will take an FCU that receives a petition approximately 20 hours to evaluate the petition, locate the relevant documents, and make them available for inspection and copying. Five FCUs times 20 hours per respondent equals 100 annual burden hours. The estimated total annual burden hours for all respondents equal 150 hours.

5 FCUs x 20 hours = 100 annual burden hours

100 annual burden hours x \$40 per hour labor cost = \$4000 annual cost for evaluation of petition by FCU (IC 2.)

The estimated average labor cost for an FCU is \$40/hour. The annualized labor cost is calculated at 20 hours x \$40/hour equals \$800 per FCU response, for an annual labor cost total of \$4,000 (5 respondents x \$800 labor cost per response

= \$4000) for the FCU respondents. The FCU charges members the direct costs associated with search and duplication. NCUA has no information on which to estimate labor costs for members and has requested public comment on this aspect of the information collection requirement.

13. Estimates of annualized capital and start-up costs.

FCUs keep the records members may inspect as a usual and customary business practice. Further, the members requesting the records must bear the cost of search and duplication. Therefore any of these costs to FCUs is minimal.

14. Estimates of annualized Federal Government costs.

The NCUA would only become involved if either the FCU or the members requests NCUA to resolve a dispute concerning a request for records. This would likely happen only once or twice a year. The cost to the Federal government would be minimal.

15. Explanation of change in burden.

This is a request for final approval of a previously pre-approved collection. The changes in burden are attributable to the inclusion of FCU members as respondents and an increase in estimated labor cost burden to FCUs.

16. Information collection data planned to be published for statistical use.

This information collection does not involve results to be published.

17. Explanation of seeking approval not to display the expiration date for OMB approval of the information collection.

Not applicable.

18. Exception to the certification statement.

NCUA does not request an exception to the certification of this information collection.

B. Collections of Information Employing Statistical Methods.

This collection does not employ statistical methods.