

**National Credit Union Administration  
Supporting Statement**

**Mergers of Federally-Insured Credit Unions;  
Voluntary Termination or Conversion of Insured Status  
12 CFR Part 708b  
OMB Control No. 3133-0024**

**A. Justification**

**1. Circumstances that make the collection of information necessary.**

The Federal Credit Union Act requires written approval of the NCUA Board before one or more federally-insured credit unions merge or before a federally-insured credit union converts to nonfederal (private) share insurance or terminates federal share insurance and authorizes the NCUA Board to prescribe rules regarding mergers of federally-insured credit unions and changes in insured status (12 U.S.C. §§1752(7), 1766(a), 1785(b) and (c), 1786(a), (c), and (d), and 1789(a)). Part 708b of NCUA's rules sets forth the procedural and disclosure requirements for mergers of federally-insured credit unions, conversions from federal share insurance to nonfederal insurance, and federal share insurance terminations.

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

Part 708b is designed to ensure NCUA has sufficient information to determine whether to approve a proposed merger, share insurance conversion, or share insurance termination. It further ensures that members of credit unions have sufficient and accurate information to exercise their vote properly concerning a proposed merger, insurance conversion, or insurance termination. The rule also protects the property interests of members who may lose their federal share insurance due to a merger, share insurance conversion, or share insurance termination. The form and format necessary to comply with the requirements of part 708b are codified as subpart C and are available in the merger guidance manual.

**3. Consideration of the use of improved information technology.**

- Forms and formats for a credit union to use in communicating with its members and with NCUA about mergers and share insurance conversions and terminations are available in a guidance manual that itself is available electronically from NCUA's website. Forms are designed to be fillable.
- Credit unions may use electronic voting processes in obtaining the votes of their members on whether to approve a merger.

**4. Efforts to identify duplication.**

The collection of information is unique to the circumstances of each credit union. The information is self-generated and is not available from any other government agency or other source.

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

This collection does not have a significant impact on a substantial number of small credit unions. 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. Share insurance conversion transactions are rare, four during the last year, and under Part 708b NCUA supplies the forms and format of the application. NCUA has not had a voluntary share insurance termination in decades.

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

If the information collection occurred less frequently, NCUA would be unable to determine whether to approve the proposed merger or share insurance conversion. Also, the credit union's members would not have sufficient information to evaluate the proposal.

**7. Special circumstances necessitating collection 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. Efforts to consult with persons outside the agency.**

A 60-day notice was published in the *Federal Register* on October 20, 2016, at 81 FR 72618, soliciting comments from the public on the renewal of this information collection. No comments were received.

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

No payment or gift to respondents are made

**10. Describe any assurance of confidentiality provided to respondents.**

There are no assurances of confidentiality.

**11. Additional justification for any question of a sensitive nature.**

No personally identifiable information (PII) is collected.

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

The categories of burden for credit unions complying with Part 708b may include the following:

### IC 1. Mergers

Each year, there are approximately 214 mergers involving one or more federally-insured credit union. NCUA estimates it will take the two merging credit unions approximately 35 hours between them to:

- a. Prepare the required merger documents (§708b.103)--15 hours;
- b. Collect and submit the required information to NCUA (§708b.104)—5 hours;
- c. Provide the required insurance disclosures in other communications that the credit union plans to send to its members if the merger involves a share insurance conversion (§708b.206)—2 hours;
- d. Notify members of the proposed merger and send them the ballot (§§708b.106, 708b.303(a) and (b))—7 hours;
- e. Notify NCUA of the results of the merger vote (§§708b.107, 708b.303(c))—1 hour;
- f. Notify NCUA of the merger’s completion (§708b.108)—1 hour; and
- g. Notify members of the results of the merger and the possible effect on their insurance coverage (§708b.101(e))—4 hours.

The following table summarizes this information.

Mergers							
	Information Collection Activity	Annual Number of Respondents	Frequency of Response	No. of Responses per Respondent	Hours per Response	Total Annual Burden Hours	Respondent Labor Cost (\$35 hourly rate)
a	708b.103	214	1	214	15	3,210	\$112,350
b	708b.104	214	1	214	5	1,070	\$37,450
c	708b.206	214	1	214	2	428	\$14,980
d	708b.106, 708b.303(a) and (b)	214	1	214	7	1,498	\$52,430
e	708b.107, 708b.303(c)	214	1	214	1	214	\$7,490
f	708b.108	214	1	214	1	214	\$7,490
g	708b.101(e)	214	1	214	4	856	\$29,960
	Subtotal	214		1,498		7,490	\$262,150

In cases where the continuing credit union is privately insured, the required merger documents include those discussing the insurance conversion.

**IC 2. Share Insurance Conversions**

Approximately four credit unions each year engage in share insurance conversions outside of the merger context. NCUA estimates there will be minimal burden in the form of collections of information, since NCUA provides forms and form language in the regulation. NCUA estimates that it will take each credit union a total of approximately 15 hours to:

- a. Prepare the required conversion documents and submit the required information to NCUA (§§708b.203, 708b.301(a))—4 hours;
- b. Notify members of the proposed conversion and send them the ballot (§§708b.204, 708b.301(b) and (c))—7 hours;
- c. Provide the required insurance disclosures in other communications that the credit union plans to send to its members (§708b.206)—2 hours;
- d. Notify NCUA of the results of the conversion vote (§708b.301(d))—1 hour; and
- e. Provide members notice of conversion of insurance (§708b.204(c))—1 hour.

The following table summarizes this information.

Share Insurance Conversions							
	Information Collection Activity	Annual Number of Respondents	Frequency of Response	No. of Responses per Respondent	Hours per Response	Total Annual Burden Hours	Respondent Labor Cost (\$35 hourly rate)
a	708b.203, 708b.301(a)	4	1	4	4	16	\$560
b	708b.204, 708b.301(b) and (c)	4	1	4	7	28	\$980
c	708b.206	4	1	4	2	8	\$280
d	708b.301(d)	4	1	4	1	4	\$140
e	708b.204(c)	4	1	4	1	4	\$140
	Subtotal	4		20		60	\$2,100

**IC 3. Share Insurance Terminations**

Currently no credit unions have engaged in share insurance terminations. If one or more credit unions does engage in a voluntary termination of insurance in the future, NCUA estimates there will be minimal burden in the form of collections of information on those credit unions. One respondent and response is being used as a placeholder associated with this information

collection activity. Since there has been no activity under this information collection, a zero labor cost is being reported. NCUA estimates it will take each credit union approximately 12 hours to:

- a. Prepare the required termination documents and submit the required information to NCUA (§708b.201)—4 hours;
- b. Notify the members of the proposed termination and send them the ballot (§708b.202)—4 hours;
- c. Provide the required insurance disclosures in other communications that the credit union plans to send to its members (§708b.206)—2 hours;
- d. Notify NCUA of the results of the termination vote (§708b.201(d)(2))—1 hour; and
- e. Provide members notice of termination of insurance (§708b.202(c))—1 hour.

The following table summarizes this information.

Share Insurance Terminations							
	Information Collection Activity	Annual Number of Respondents	Frequency of Response	No. of Responses per Respondent	Hours per Response	Total Annual Burden Hours	Respondent Labor Cost (\$35 hourly rate)
a	708b.201	1	1	1	4	4	\$0
b	708b.202	1	1	1	4	4	\$0
c	708b.206	1	1	1	2	2	\$0
d	708b.201(d)(2)	1	1	1	1	1	\$0
e	708b.202(c)	1	1	1	1	1	\$0
	Subtotal	1		1		12	\$0

Summary				
Information Collection Activity	Number of Respondents	Total Annual Responses per Respondent	Total Annual Burden Hours	Total Annual Labor Cost
Mergers	214	1,498	7,490	\$262,150
Share Insurance Conversions	4	20	60	\$2,100
Share Insurance Terminations	1	1	12	\$0
Total	219	1,519	7,562	\$264,250

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

On very rare occasions, a merging credit union may need to get outside accounting assistance with GAAP consolidated financials or legal assistance with Hart Scott Rodino Act compliance issues. Since this would be very rare, we cannot compute an average cost for this service.

### **14. Estimates of annualized Federal Government costs.**

The estimated total annualized cost to the Federal Government is approximately \$181,840, calculated as follows:

#### Mergers

NCUA spends an average of 15 employee-hours on pre- and post-merger processing and 4 employee-hours reviewing and supervising that processing. The wage rate for the processing is approximately \$40/hour, and the wage rate for review and supervision is approximately \$60/hour. The total NCUA cost for each merger is then  $15 \times \$40$  (\$600) plus  $4 \times \$60$  (\$240) = \$840. The aggregate annual cost for the 214 mergers is  $214 \times \$840$ , or \$179,760.

#### Share Insurance Conversions

The NCUA spends an average of 10 employee-hours on pre- and post-share insurance conversion processing and 2 employee-hours reviewing and supervising that processing. The wage rate for the processing is approximately \$40/hour, and the wage rate for review and supervision is approximately \$60/hour. The total NCUA cost for each share insurance conversion is then  $10 \times \$40$  (\$400) plus  $2 \times \$60$  (\$120) = \$520. The aggregate annual cost for the 4 share insurance conversions is  $4 \times \$520$ , or \$2,080.

### **15. Explanation of change in burden.**

The change in burden is attributable to a decrease in the number of credit unions engaging in mergers, increase in the number of credit unions engaged in share insurance conversions, correction to the number of hours spent notifying members of proposed conversions, and corrections made in reporting the number of responses. These adjustments reflect an increase in the number of responses by 1,277 and a reduction of 862 burden hours.

### **16. Information collections data planned to be published for statistical use.**

NCUA does not intend to employ the use of statistics or the publication thereof for this information collection.

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

The OMB control number and expiration date associated with this PRA submission will be displayed on the Federal Government's electronic PRA docket at [www.reginfo.gov](http://www.reginfo.gov).

**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.