

SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT SUBMISSIONS
Maximum Borrowing Authority, 12 CFR 741.2
3133-0168

A. Justification

1. Necessity of Information Collection

Section 741.2 of the NCUA Rules and Regulations (12 CFR 741.2) places a maximum borrowing limitation on federally insured credit unions of 50 percent of paid-in and unimpaired capital and surplus. This limitation is statutory for federal credit unions. The collection of information requirement is for federally insured state-chartered credit unions seeking a waiver from the borrowing limit. These credit unions must submit a detailed safety and soundness analysis, a proposed aggregate amount, a letter from the state regulator approving the request and an explanation of the need for the waiver to the NCUA Regional Director. This collection of information is necessary to protect the National Credit Union Share Insurance Fund (“Fund”). The NCUA Board has determined that borrowing in excess of 50 percent of paid-in and unimpaired capital and surplus may cause an undue risk to the Fund and a loss of confidence in the credit union system. The NCUA must be made aware of and be able to monitor those credit unions seeking a waiver from the requirement.

2. Purpose and Use of the Information Collection

The information is used by NCUA to determine whether or not a particular federally insured state-chartered credit union will be granted a waiver from the maximum borrowing limitation. Borrowing in excess of this amount without the proper safety and soundness limitations in place may cause direct losses to the Fund and indirect losses to all federally insured credit unions since they capitalize and maintain the Fund.

3. Consideration Given to Information Technology

Applicants for waivers may use multiple forms of communication to submit information supporting the waiver request, including submission by electronic means.

4. Duplication

There is no duplication. This information is not otherwise reported by credit unions and only requires credit unions seeking a waiver to provide an explanation for their need for a waiver.

5. Effect on Small Entities

This information collection is required of any federally insured state-chartered credit union that seeks a waiver from the maximum borrowing limit of federally insured credit unions, irrespective of size. The information required is the minimum necessary to demonstrate that exceeding the borrowing limit will not result in a risk to the credit union, and by extension the Credit Union Share Insurance Fund.

6. Consequences of not Collecting Information

Since this is only a one-time requirement, the submission is required as infrequently as possible. Less frequent collection would not promote safety and soundness for federally insured state-chartered credit unions.

7. Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)

None – the collection is conducted within the Guidelines.

8. Consultations Outside the Agency

Notice of the proposed collection and request for public comment was published with a 60-day comment period in the Federal Register on August 16, 2016 (81 FR 54608). No comments were received regarding this collection.

9. Payment or Gift

There is no payment or gift to respondents.

10. Confidentiality

Credit union examination reports and any documents directly related are exempt from the Freedom of Information Act, pursuant to exemption 8, 5 U.S.C. 552(b)(8).

No other guarantee of confidentiality is provided to the respondent.

11. Sensitive Questions

There are no questions of a sensitive nature.

12. Burden of the Information Collection

It is projected that two credit unions will submit an exemption request each year. The time estimated for each credit union fulfilling this requirement is eight hours. NCUA believes eight hours is a reasonable amount of time needed to provide such an explanation. The hour burden for the collection is 16 hours at a rate of \$35, totaling \$560.

13. Capital start-up costs and operation and maintenance costs.

All equipment needed to collect, prepare, and submit financial statements, when required, is equipment used for the customary and usual business of the credit union. There is no special or additional equipment.

14. Costs to the Federal Government

It is estimated the NCUA spends four hours reviewing each credit union submission. We estimate an \$80 average loaded hourly cost for NCUA's time. Therefore, the estimated cost to the Federal government is \$720.

15. Changes in Burden

This is a reinstatement of a previously approved collection. There are no program changes or adjustments.

16. Information Collection Planned for Statistical Purposes

This information is not used for statistical purposes.

17. Approval to Omit OMB Expiration Date

There is no written instrument for collecting this information on which to display an expiration date. The OMB Control Number and expiration date will be displayed on the Federal Government's electronic PRA docket at Reginfo.gov.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

There are no exceptions to the certification statement.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not involve statistical methods.