

National Credit Union Administration
Supporting Statement

**Chartering and Field of Membership Manual, 12 CFR 701.1, App. B to Part 701
OMB Control Number 3133-0015**

A. Justification

1. *Necessity of Information Collection*

The Federal Credit Union (FCU) Act requires the National Credit Union Administration (NCUA) Board to administer chartering and field of membership requirements for FCUs, as prescribed by 12 U.S.C. 1759. The NCUA Board adopted the Chartering and Field of Membership Manual (Chartering Manual), and codified into NCUA's regulations as Appendix B to 12 CFR Part 701.

The requirements of the FCU Act, as implemented by the Chartering Manual, Chapters 1 through 4, and the appendices, necessitate the NCUA collect certain information. The Chartering Manual codifies policy and provide guidelines. The Credit Union Membership Access Act of 1998 provided a choice among three charter types:

- single group sharing a single occupational or associational common bond,
- multiple common bond, with each group having a distinct occupational or associational common bond, and
- community common bond among persons or organizations with a well-defined local community, neighborhood or rural district.

The FCU Act also provides for FCUs to add underserved areas and includes the requirements for conversion from federal to state credit union and state to federal credit union.

2. *Purpose and Use of the Information Collection*

The NCUA uses the information to determine if the charter application, field of membership amendment, or conversion application meets the above-referenced requirements of the FCU Act and NCUA regulations.

Each chapter and the appendices contain various information collections related to these requirements, as follows:

- In Chapter 1, Before NCUA approves an organization certificate (charter of a new credit union), NCUA must conduct an investigation to determine (1) if the organization certificate conforms to the FCU Act's requirements; (2) the general character and fitness of the subscribers to the charter; and (3) the economic advisability of establishing the proposed FCU. Forms NCUA 4001, *Federal Credit Union Investigation Report*, and

4012, *Report of Official and Agreement to Serve*, also are required to meet this investigation need. In addition, proposed FCU organizers must submit business plans, wording for their proposed fields of membership, and complete NCUA 4008, *Organization Certificate*, 9500, *Application and Agreement for Insurance of Accounts*, and 9501, *Certification of Resolutions*.

- In Chapter 2, an FCU can apply to NCUA to amend its field of membership. The FCU must provide sufficient information to permit NCUA to make the determination. Single or multiple common bond FCUs can submit formal written requests using either the *Application for Field of Membership Amendment* (NCUA 4015) or a shorter form 4015-EZ (for groups of less than 3,000 potential members). NCUA previously designed the forms to reduce both the time FCUs spend submitting, and the time the NCUA spends reviewing, this information. NCUA also offers FCUs an electronic alternative to submitting the 4015-EZ by using the “Field of Membership Internet Application,” known as FOMIA, found at: <https://www.ncua.gov/services/Pages/field-of-membership-chartering/application.aspx>. The change to the Chartering and Field of Membership Manual adds NCUA 4015-A as an option for amending a federal credit union’s field of membership when adding groups of potential members between 3,000 and 4,999. The NCUA 4015-A is a shorter form than the NCUA 4015, but more comprehensive than the 4015-EZ. Also under Chapter 2, an FCU can apply to NCUA to convert to a community charter or expand an existing community charter.¹
- Under Chapter 3, a multiple common bond FCU can apply to NCUA to add an underserved area to its field of membership.
- Under Chapter 4 and appendices, there are application procedures and forms related to conversions from an FCU to a state-chartered credit union, and vice versa. A credit union can complete the following NCUA forms for such conversions:

4000, *Conversion of State Charter to a Federal Charter – Federal Credit Union Investigation Report*

4221, *Notice of Meeting of Members to Convert from a Federal to State Chartered Credit Union*

4401, *Application to Convert from a State to a Federal Credit Union*

4505, *Affidavit – Proof of Results of Membership Vote – Proposed Conversion From Federal Credit Union to State Credit Union*

4506, *Federal to State Conversion – Ballot for Conversion Proposal*

9500, *Application and Agreements for Insurance of Accounts*

9501, *Certification of Resolutions*

9600, *Information to be Provided in Support of the Application of a State Chartered Credit Union for Insurance of Accounts*

¹ NCUA Letter 11-FCU-01; March 2011; Community Charter Conversions and Expansion; Template Business and Marketing Plan for Community Charter Conversions and Expansions

3. *Consideration Given to Information Technology*

Forms are available as fillable PDF versions and are available on at

<https://www.ncua.gov/services/Pages/field-of-membership-chartering/manual.aspx>

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<https://www.ncua.gov/services/Pages/field-of-membership-chartering/application.aspx>.

4. *Duplication*

There is no duplication. Each application or other submission of information pursuant to this collection is completed for a specific particular matter related to a credit union’s chartering or field of membership issue.

5. *Reducing the Burden on Small Entities*

NCUA provides assistance and sample guidelines, forms, and other instructions to interested persons and entities.

6. *Consequences of Not Conducting Collection*

The information collected assists organizations start a new FCU, expand the field of membership for existing FCUs, and modify their charters. If this information were not collected, the NCUA would not be able meet the Agency’s mission by providing a safe and sound credit union system.

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

None. The collection is done within the Guidelines.

8. *Consultations with Persons Outside the Agency*

The final rule published December 7, 2016, at 81 FR 88412, which implements the proposed modifications. NCUA received approximately 11,380 comments on the proposed rule. The commenters generally supported the proposed rule by a ratio of approximately 3 to 1, mostly without reference to a specific proposal and without suggesting alternatives or modifications. These comments are summarized and addressed in the preamble of the final rule.

The sole commenter who addressed the information collection aspects of the proposed rule concluded without explanation that it would double the existing paperwork burden. The burden outlined in the December proposed rule revealed an increase of 26,160 hours due to the new and revised information collection requirements. With this estimated increase, the total burden requested under OMB No. 3133-0015 is 40,223 hours.

9. *Payment or Gifts to Respondents*

No payment or gift to respondents will be made.

10. *Assurance of Confidentiality*

The content of form NCUA 4012, "Report of Official and Agreement to Serve," is subject to the Privacy Act and any confidential information will not be disclosed to the public. Information in this form is requested for the purpose of completing the investigation required for a new Federal credit union (FCU) and will be primarily used in considering the soundness of the management for the proposed FCU. However, this form may be disclosed to any of the following sources: a congressional office in response to your inquiry to that office; an appropriate Federal, state or local authority in the investigation or enforcement of a statute or regulations; or employees of a Federal agency for audit purposes. Failure to complete this form or omission of any item of information, except for disclosure of your social security number, may result in a delay in the process of chartering the proposed FCU.

11. *Questions of a Sensitive Nature*

Information collected and maintained about officials of newly charter credit unions is in accordance with the "Personnel Access and Security System (PASS), NCUA-1. A system of records notice (SORN) has been published for PASS on March 10, 2016, at 81 FR 12748.

12. Estimate of Information Collection Burden

		Forms	# Respondents	Frequency	Annual Responses	Hours Per Response	Total Burden
Chapter 1. Federal Credit Union Chartering	Business Plan for New Charters, Wording for Proposed Field of Membership	4001, 4008, 4012, 9500, 9501	2	1	2	160	320
Chapter 2. Field of Membership Requirements	Single Common Bond and Multiple Common Bond Amendments	NCUA Forms 4015, 4015-A and 4015-EZ, FOMIA	8,050	1	8,050	0.45	3,622.5
	Community Charter Conversion and Expansion Applications		39	1	39	160	6,240
	Community Charter Conversion and Expansion Applications with subjective narrative to support requirement of a well-defined local community		1,090	1	1,090	24	26,160
Chapter 3. Low-Income Credit Unions and Credit Unions Serving Underserved Areas	IC 5: Application to Add an Underserved Area		21	1	21	160	3,360
Chapter 4: Charter Conversions		NCUA Forms 4000, 4221, 4401, 4505, 4506, 9500, 9501, 9600	13	1	13	40	520
TOTAL			9,215		9,215		40,222.50

Total cost to respondents is estimate at \$2,175,323. This figure was based on an hourly wage rate of \$54.08 (management) from the Bureau of Labor Statistics, Department of Labor (http://www.bls.gov/oes/current/oes_nat.htm).

13. Estimate of Total Annualized Start-up and Capital Cost Burden

There are no capital/start-up or ongoing operations/maintenance costs associated with this information collection.

14. Estimate of Cost to the Federal government

The information collected will be reviewed by NCUA staff. Therefore, the outside cost to NCUA is negligible.

15. *Explanation of Changes in Burden*

The adjustments are due to a reduction in the number of FCU and in the amount of time to complete the Field of Membership Forms, for a reduction 1,335 burden hours. The rule permits an FCU to assemble subjective evidence of interaction or common interest, and to draft and submit a narrative summarizing the evidence to support its application to expand; for an increase of 26,160 burden hours, due to program change. Total burden hours requested 40,223.

16. *Information Collections Planned for Statistical Purposes*

The information will not be published.

17. *Display of OMB Expiration Date.*

The display of the expiration date of the OMB approval will cause confusion among entities who maybe seeking a charter or other services under this collection. Non-display of OMB expiration date is requested.

18. *Exceptions to Certification Statement.*

There are no exceptions to the certification statement.

B. *Collections of Information Employing Statistical Methods*

The collection does not employ statistical methods.