

**SUPPORTING STATEMENT**  
**National Credit Union Administration**

Minority Depository Institution Preservation Program  
Interpretive Ruling and Policy Statement (IRPS) 13-1  
OMB No. 3133-0195

**A. JUSTIFICATION**

**1. Necessity of Information Collection**

In 2010, Congress enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).<sup>1</sup> Section 367(4)(A) of the Dodd-Frank Act amended Financial Institution Reform, Recovery, and Enforcement Act (FIRREA) §308 to require the NCUA, Office of the Comptroller of Currency (OCC), and Board of Governors of the Federal Reserve Board System (FRB) to establish a program to comply with its goals to preserve and encourage Minority Depository Institutions (MDI).<sup>2</sup> In addition, the Dodd-Frank Act §367(4)(B) requires these agencies, along with FDIC, to each submit an annual report to Congress describing actions taken to carry out FIRREA §308.<sup>3</sup>

On July 24, 2015, final Interpretive Ruling and Policy Statement (IRPS) 13-1, to establish a MDI preservation program (Program) to comply with the FIRREA §308 goals to preserve and encourage new MDIs, was published in the *Federal Register* (80 FR 36356). The IRPS identifies the procedure for a federally insured credit union to determine and document its ability to designate itself as a MDI, resulting in the ability to participate in the Program.

**2. Purpose and Use of the Information Collection**

All credit unions provide their MDI self-certification information via the Call Report Profile (OMB Control No. 3133-0004). Credit unions with \$100 million or less in assets self-certify as a MDI based on their knowledge of current and potential membership and do not have to maintain documentation to support the minority eligibility of their current and potential memberships. Credit unions with more than \$100 million in assets must maintain documentation that supports minority eligibility for their current and potential memberships. This documentation must be updated and maintained annually to determine continued MDI eligibility; however, it is up to the credit union's discretion how they choose to document eligibility. The NCUA may question and remove the MDI designation of any federally insured credit union if it does not meet the requirements of the Program. If the NCUA questions a credit union's certification or the data supporting it, regardless of asset size, the credit union may submit independent documentation and rationale to support its MDI self-certification within 60 days of notification. If the NCUA issues a denial, a credit union may issue an appeal to the NCUA Board.

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<sup>1</sup> Pub. L. 111-203, 124 Stat. 1376; 12 U.S.C. 5301 *et seq.*

<sup>2</sup> 124 Stat. 1556.

<sup>3</sup> 124 Stat. 1556.

The NCUA's uses this information to (1) verify the appropriateness of MDI self-designation; (2) ensure the NCUA is pertinently dedicating preservation efforts toward that MDI, and (3) correctly report those efforts in the annual MDI Reports to Congress as required by §367(4)(B) of the Dodd-Frank Act.

**3. Consideration Given to Information Technology**

If the NCUA requests documentation from the credit union to support their MDI self-certification analysis the respondents can fax, email, or mail the documentation to the NCUA. It is the expectation the majority of credit unions will use electronic means to determine whether they meet the MDI-criteria and use all available technological methods to collect and report this information.

**4. Duplication**

There is no duplication.

**5. Effect on Small Entities**

Credit unions must self-certify as an MDI by answering two minority depository institution related questions in their Credit Union Online Profile. Small credit unions are subject to the same requirements as large credit unions to meet the MDI criteria. To alleviate the burden on small entities, small credit unions are not required to evaluate and maintain documentation to support how their current and potential credit union membership meets the MDI criteria. Small credit unions only need to assess the minority composition of their board of directors, without maintaining any documentation. The NCUA estimates the collection of information may impact a small percentage of small credit unions (e.g., one percent).

The agency defines a small credit union as one that has total assets of \$100 million or less. As of June 30, 2017, there were 514 credit unions with \$100 million or less in assets that certified themselves as an MDI.

**6. Consequences of Not Conducting Collection**

The Dodd-Frank Act requires the NCUA to annually report to Congress on data pertaining to MDIs. If the NCUA does not collect data supporting the MDI designation for credit unions, the NCUA runs the risk of reporting inaccurate data on MDIs to Congress as well as a reputation risk by providing inaccurate data to the public and organizations (including banks) who want to do business with and/or provide support to MDIs.

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

There are no special circumstances. This collection is consistent with the guidelines in 5 CFR 1320.5(d)(2).

**8. Consultations Outside the Agency**

A 60-day notice soliciting comments from the public on the renewal of this information collection was published in the *Federal Register* on November 6, 2017, at 82 FR 51441, and no comments were received in response to this notice.

**9. Payment or Gift**

There is no intent by the NCUA to provide payment or gifts for information collected.

**10. Confidentiality**

The NCUA [publishes MDIs](#) and provides information to the public about each of them at, in addition to including them in the annual report to Congress. Certain information related to this collection involves matters contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of the NCUA. The NCUA may exempt such information from Freedom of Information Act disclosure under exemption 8. 5 U.S.C. 552(b)(8). There is no assurance of confidentiality other than that provided by law.

**11. Sensitive Questions**

There are no questions of a sensitive nature. No personally identifiable information (PII) is requested.

**12. Burden of Information Collection**

As of June 30, 2017, the NCUA determined that 580 credit unions qualified as MDIs based on their answers to the two MDI questions from CU Online. Given all MDIs must assess the minority composition of their board of directors to provide an accurate response, it is estimated that 48.33 hours (5 minutes \* 580 MDIs ÷ 60 minutes) is estimated to accomplish this task and is claimed under OMB No. 3133-0004, for CU Online.

Certain MDIs must perform the analysis of the minority composition of their current and potential memberships, and then retain the supporting documentation (e.g., U.S. Census/HMDA data analysis) in their files for verification of their MDI eligibility as described below.

- o Of the 580 credit unions, 514 credit unions have assets of \$100 million or less. The NCUA allows these 514 credit unions to self-certify as a MDI based solely on the credit unions' knowledge of their current and potential memberships. However, we estimate about one percent of the MDI self-certification of small credit unions (or 5 credit unions) may be questioned about their certification annually. If questioned, these (5 MDIs) would need to locate, download and review the U.S. Census or HMDA data, and then submit this data to the NCUA to support their MDI self-certification. We estimate the burden is 2.08 hours (25 minutes \* 5 MDIs ÷ 60 minutes) for the 5 credit unions that will need to assess the minority composition of their current and potential memberships with independent data.
- o The remaining 66 credit unions (580 - 514 credit unions) with assets over \$100 million must assess the minority composition of their current and potential memberships with independent data to support their certification as described above. We estimate the burden is 27.50 hours (25 minutes \* 66 MDIs ÷ 60 minutes).

Total hours estimated are 29.58 annually, outlined in the charts below.

Information Collection Activity	No. of Respondents	No. of Response Per Respondent (Frequency)	Total Annual Responses	Hours Per Response	Total Annual Burden
Validate Minority Members Composition (Assets less than \$100M). (Reporting)	5	1	5	0.41667 (25 mins.)	2.08
Document and Retain Minority Member Composition (Assets greater than \$100M) (Recordkeeping)	66	1	66	0.41667 (25 mins.)	27.50
TOTAL	71	1	71	0.42	29.58

The median hourly rate of a credit union operational manager is estimated at \$35 per hour (29.58 hours \* \$35 per hour = total annual labor cost of \$1,035.30).

**13. Estimated capital start-up and maintenance costs**

There are no capital start-up or operation and maintenance costs incurred.

**14. Costs to Federal Government**

The estimated cost to the NCUA is negligible.

**15. Changes in Burden**

This is a revision of a currently approved collection. At the time of the publication of IRPS 13-1, the asset threshold used to define the term “small entity” was less than \$50 million. The NCUA published the final IRPS 15-1 on September 24, 2015, at 80 FR 57512, which increased the asset threshold from \$50 million to \$100 million. Accordingly, the number of credit unions required to retain records of their minority composition would theoretically increase because more credit unions would fall under the small entity threshold; but, with the decline in the number of credit unions since the previous submission, a reduction in the number respondents is being reported.

The burden hours associated with appeals due to the denial of MDI certification, have been removed from this ICR. Procedures that govern appeals to the Board have been codified as subpart B to part 746 (October 30, 2017, at 82 FR 50288) and associated burden is being consolidated under OMB control number 3133-0198.

A reduction of 42 hours is attributed to these program changes.

Adjustments has been made to remove the reporting burden of MDI status via the CU Online portal. This is duplicative to information provided on the Call Report and has been removed from this collection.

A total of 30 burden hours is requested.

**16. Information Collection Planned for Statistical Purposes**

The information collection is not used for statistical purposes.

**17. Approval to Omit OMB Expiration Date**

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. Exceptions to Certification for Paperwork Reduction Act Submissions**

This collection complies with the requirements in 5 CFR 1320.9.

**B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

This collection does not employ statistical methods.