

National Credit Union Administration
SUPPORTING STATEMENT

Chartering and Field of Membership Manual,
12 CFR 701.1, App. B to Part 701

OMB No. 3133-0015

Summary of Action:

The NCUA published a proposed rule on November 7, 2019, at 84 FR 59989, amending Chapter 2 of Appendix B to part 701, Chartering and Field of Membership (FOM), by adding Section V.A.8, to require applicants of community FOM applications, amendments, and expansions of combined statistical area (CSAs) and core-based statistical area (CBSAs) to explain why they have selected their FOM and to demonstrate that the selection will serve low- and moderate-income segments of a community, as outlined by the new section V.A.8. It is estimated that 20 respondents applying, amending, or expanding a community FOM would need an additional two hours to prepare the necessary documentation to demonstrate its selection.

A. JUSTIFICATION

1. Circumstances that make the collection of information necessary.

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 collected.

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. Form 5015-A is 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*

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

- 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*

3. Use of 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> 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>.

4. Duplication of information.

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. Efforts to reduce burden on small entities.

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

6. Consequences of not conducting the 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 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. Efforts to consult with persons outside the agency.

A Paperwork Reduction Act (PRA) notice was embedded in the preamble of the proposed rulemaking on November 7, 2019, at 84 FR 59989, providing an opportunity

for the public to comment on the information collection requirements prescribed by this rule. Comments will be summarized and addressed in the PRA submission associated with the final rulemaking.

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. Burden of information collection.

	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	28	39	1	28	160	4,480
	CU requesting a CBSA without the core	+ 2 additional hrs. 11		11	162	1,782	
	Community Charter Conversion and Expansion Applications with subjective narrative to support requirement of a well-defined local community	14	20	1	14	24	336
	CU requesting a CBSA without the core	+ 2 additional hrs. 6			6	26	156
	Community Charter Conversions and Expansion Applications with narratives to support common interest or interaction	7	10	1	7	160	1,120
	CU requesting a CBSA without the core	+ 2 additional hrs. 3			3	162	486
Chapter 3. Low-Income Credit Unions and Credit Unions Serving Underserved Areas	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	8,155	1	8,155	1.984365	16,182.5	

Based on the labor rate of \$35 per hour, the total cost to respondent is \$566,387.50.

13. Capital start-up or on-going operation and maintenance costs.

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

14. Annualized costs to Federal government.

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

15. Change in burden.

The number of “community charter with subjective narrative to support requirements of a well-defined local community” has been amended to reflect current number of respondents, from 1,090 respondents to 20; for an adjustment of -26,160 burden hours. From this a “community charter applications with narratives to support common interest or intersection” category was established that identifies 10 respondents, for +1,600 burden hours. Total adjustments of -24,080 burden hours.

The proposed amendments require applicants of community FOM applications, amendments, and expansions of combined statistical area (CSAs) and core-based statistical area (CBSAs) to explain why it has selected its FOM and to demonstrate that its selection will serve low- and moderate-income segments of a community. It is estimated that 20 respondents applying, amending, or expanding a community FOM would be affected by the proposed amendment. It is estimated that these respondents would need an additional two hours to prepare the necessary documentation to demonstrate its selection, for an increase of 40 burden hours due to this program change.

16. Information collection planned for statistical purposes.

The information will not be published.

17. Request non-display the expiration date of the OMB control number.

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 the Certification for Paperwork Reduction Act Submission.

There are no exceptions to the certification statement.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

The collection does not employ statistical methods.