

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 Board (Board) proposes to amend its chartering and field of membership (“FOM”) rules to modernize requirements related to service facilities for multiple common bond (“MCB”) federal credit unions (“FCUs”). The Board is proposing to include any shared branch, shared ATM, or shared electronic facility in the definition of “service facility” for an FCU that participates in a shared branching network. The FCU need not be an owner of the shared branch network for the shared branch or shared ATM to be a service facility. These changes would apply to the definition of service facility both for additions of select groups to MCB FCUs and for expansions into underserved areas.

The proposed rule creates new strategic opportunities for MCB FCUs while not changing the information FCUs are required to supply to take advantage of these opportunities. Nevertheless, the total information collection burden will increase because the change means more FCUs will qualify to add select groups or underserved areas, which will lead to additional applications. There are currently 1,373 multiple common bond FCUs, of which 594 participate in shared branching. The proposed change is estimated to increase the number of applications/ amendments by an additional 90 respondents.

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.

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

- 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*

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 January 11, 2021, at 86 FR 1826, 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 chartered 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.

Information Collection	Form	# Respondents	# Responses per Respondent	Total Annual responses	Hours per response	Total Annual Burden	Previous Burden	Difference
New Charter	4001, 4008, 4012, 9500, 9501	2	1	2	160	320	320	0
Single common bond & multiple common bond amendments	NCUA Forms 4015, 4015-A and 4015-EZ, FOMIA	8,140	1	8,140	0.45	3,663	3622.5	40.5
Community Charter Conversion and Expansion Applications		28	1	28	160	4,480	4480	0
Core-based statistical area without core		11	1	11	162	1,782	1782	0
Community Charter Conversion and Expansion Applications with subjective narrative to support requirement of a well-defined local community		14	1	14	24	336	336	0
Core-based statistical area without core		6	1	6	26	156	156	0
Community Charter Conversions and Expansion Applications with narratives to support common interest or interaction		7	1	7	160	1,120	1120	0
Core-based statistical area without core		3	1	3	162	486	486	0
Chapter 3. Low-Income Credit Unions and Credit Unions Serving Underserved Areas	Application to Add an Underserved Area	21	1	21	160	3,360	3360	0
Chapter 4: Charter Conversions	NCUA Forms 4000, 4221, 4401, 4505, 4506, 9500, 9501, 9600	13	1	13	40	520	520	0
Totals		8,245	1	8,245	1.967617	16,223	16,182.50	40.5

Based on the labor rate of \$35 per hour, the total cost to respondent is \$567,805.

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.

This rule proposes to amend Chapter 2, Chapter 3, and Appendix 1 of Appendix B to Part 701 by changing the definition of service facilities for multiple common bond (MCB) federal credit unions (FCUs) seeking to add select groups or underserved areas. The proposed rule creates new strategic opportunities for MCB FCUs while not changing the information FCUs are required to supply to take advantage of these opportunities. Nevertheless, the total information collection burden will increase because the change means more FCUs will qualify to add select groups or underserved areas, which will lead to additional applications. There are currently 1,373 multiple common bond FCUs, of which 594 participate in shared branching. The proposed change is estimated to increase the number of applications/amendments by an additional 90 respondents.

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.