

National Credit Union Administration
SUPPORTING STATEMENT

Purchase of Assets and Assumptions of Liabilities, §741.8
OMB No. 3133-0169

A. JUSTIFICATION

1. Circumstances that make the collection of information necessary.

Federally insured credit unions (FICUs) are required to request approval from the NCUA Board prior to purchasing assets or assuming liabilities of a privately insured credit union, other financial institution, or their successor interest. The requirement for credit unions to obtain NCUA Board approval is contained in Section 205(b) of the Federal Credit Union Act (FCU Act). Section 741.8 (12 CFR 741.8) of the NCUA Rules and Regulations incorporates the requirements of the FCU Act.

Per regulation, a credit union seeking approval to purchase assets and/or assume liabilities must submit a letter to the appropriate Regional Director. The letter must request approval, state the nature of the transaction, and include copies of relevant transaction documents. Relevant transactions documents may include but are not limited to: the credit union's financial statements, strategic plan, and budget, inventory of the assets and liabilities to be transferred, and any relevant contracts or agreements regarding the transfer.

2. Purpose and use of the information collection.

FICUs will provide information and seek approval to purchase assets or assume liabilities of privately-insured credit unions or other financial institutions. NCUA will use that information to determine the safety and soundness of the transaction and risk to the National Credit Union Share Insurance Fund (NCUSIF).

3. Use of information technology.

The information collection is drawn from internal credit union records. FICUs may use any technology that facilitates submission and permits review, as appropriate, by NCUA.

4. Duplication of information.

No duplication exists.

5. Effects to reduce burden on small entities.

The information collection requirements imposed under §741.8 are the same for all FICUs. The burden imposed is minimal.

6. Consequences of not conducting the collection.

Failure to conduct the collection would violate the Act, impact the safety and soundness of the FICU, and the National Credit Union Shared Insurance Fund (FCUSIF).

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 60-day notice was published in the *Federal Register* on September 27, 2021, at 86 FR 53352, soliciting comments from the public on the renewal of this information collection. No public comments were received.

9. Payment or gifts to respondents.

No payment or gift is provided as part of this collection.

10. Assurance of confidentiality.

There is no assurance of confidentiality other than that provided by law.

11. Questions of a sensitive nature.

No questions of a sensitive nature are asked. No personal identifiable information is collected.

12. Estimate of burden of the information collection.

The number of potential respondents includes 5,029 credit unions, the total number of FICUs as of June 30, 2021. The requirements of the regulation only apply to FICUs that intend to purchase assets or assume liabilities of a privately-insured credit union or other financial institution. NCUA cannot currently predict with certainty how many of these FICUs will be subject to this data collection.

In 2017, NCUA received zero requests from FICUs to purchase assets or assume liabilities of privately-insured credit unions.

However, NCUA is receiving an increased number of requests from FICUs to purchase assets or assume liabilities of other financial institutions (mostly banks). In 2017, NCUA received or completed nine requests from FICUs to purchase assets or assume liabilities from banks. Seven of these FICU requests to purchase assets or assume liabilities of a bank

are complete, with the other two still in process. Therefore, NCUA projects the number of annual respondents is seven.

NCUA anticipates a FICU’s request for approval to purchase assets or assume liabilities of a privately-insured credit union or other financial institution would consist of a cover letter and any transaction documents prepared by the FICU in conjunction with the anticipated purchase or assumption. NCUA believes this would take 120 hours to prepare and transmit the cover letter and any transaction documents. The term “transaction documents” include contracts, agreements, letters, offers, or similar documents already created between two parties as evidence of a transaction or negotiation. NCUA does not require FICUs to prepare all these documents and believes most are created in the regular course of business.

| No. Respondents | No. Responses per Respondent (Frequency) | Total Annual Responses | Hours per Response | Total Annual Burden | Previously Approved | Difference |
|-----------------|--|------------------------|--------------------|---------------------|---------------------|------------|
| 16 | 1 | 16 | 120 | 1,920 | 840 | 1,080 |

Based on the labor rate of \$35 per hour, the total cost to respondents is \$67,200.

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

There are no capital start-up or maintenance costs.

14. Costs to Federal government.

The cost for NCUA to review and approve is 260 hours per request. This includes reviews conducted by NCUA examiners, regional office staff, and central office staff. Based on an hourly rate of \$63 and 16 annual requests, the estimated annual cost to NCUA is \$262,080.

15. Changes in burden.

This is an extension of a currently approved collection. An adjustment has been made to provide a more current estimate of the number of respondents reporting from 7 to 16. An increase of 1,080 burden hours is reported; a total of 1,920 burden hours is requested.

16. Information collection planned for statistical purposes.

The information collection is not used for statistical purposes.

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

This information collection is described in a regulation and will not be collected in any specific form, the expiration date will not be displayed. 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.

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 involve statistical methods.