

National Credit Union Administration
SUPPORTING STATEMENT

Proof of Concept Application (POC) for New Charter Organizing Groups
OMB No. 3133-0202

A. JUSTIFICATION

1. Circumstances that make the collection of information necessary.

The Office of Credit Union Resources and Expansion (CURE) is responsible for the review and approval of charter applications submitted by organizing groups. CURE has implemented a charter modernization process to improve the quality of charter applications received. This will help ensure organizing groups submit a well-thought out, well-developed charter plan to minimize the back and forth communication and improve overall chartering processing times. CURE management implemented the Proof of Concept (POC) data collection through the CyberGrants system, which documents the four most critical elements for establishing a new charter. This is “Phase 1” of the process. The CyberGrants system is accessed online.

The four areas are usually the greatest challenge for organizers to accomplish. When the organizers successfully address the four critical elements, organizing groups are invited to proceed to “Phase 2”, submission of most remaining charter documents and plans.

The “Phase 1” data is reviewed by NCUA to determine the adequacy of a group’s chartering concept and to provide guidance as needed. The purpose of this information collection is to identify the level of understanding an organizing group has before they make a formal charter application submission as prescribed by Appendix B to 12 CFR Part 701 (12 U.S.C. 1758, 1759).

2. Purpose and use of the information collection.

The CyberGrants system is available to any organizing group wishing to charter a credit union. The purpose of collecting data for the POC is to determine whether organizing groups have performed their due diligence to develop the proposed credit union concept. The organizing group describes their plans for the credit union’s four critical elements. They are: 1.) Purpose and Core Values 2.) Field of Membership 3.) Capital and 4.) Subscribers.

Originally, an instruction booklet provided guidance to organizing groups for completing the POC critical elements. This information is now consolidated in the Federal Credit Union Charter Application Guide in an abbreviated form, eliminating the separate instruction booklet. If an organizing group reasonably responds to these four areas, CURE invites them to submit a full charter application. If the organizing group is

unsuccessful with their responses, CURE will advise the group accordingly and provide guidance as necessary.

3. Use of information technology.

Information is collected through the CyberGrants system and submitted to CURE electronically. The CyberGrants system allows CURE to improve efficiencies with the chartering process by reviewing an organizing groups' POC in advance of submitting the final charter application. This reduces the organizer's burden because many of their responses are selected from a drop-down menu including multiple choice answers, which takes less time to complete than a traditional narrative response would take.

4. Duplication of information.

The information requested in the POC is not available from other sources because these are organizing groups wishing to establish a credit union, not existing credit unions. There is no duplication with any other required submission or recordkeeping.

5. Efforts to reduce burden on small entities.

The use of the CyberGrants system for the POC application process provides a user-friendly format to ensure minimal burden on the respondent. CURE believes the POC guidance provides organizers a better understanding of the chartering requirements and will eliminate the submission of unrealistic, inadequate, or incomplete charter applications, saving the respondent time.

6. Consequences of not conducting the collection.

If this information was not collected, CURE would not be able to reduce the submission of charter applications that are not well thought-out or carefully developed. Without this data collection, CURE cannot assess the plans for reasonableness, which is better addressed before a complete charter application is submitted. This process saves time for organizing groups because by identifying weaknesses before the chartering plans are completed, they will spend less time modifying and resubmitting the charter application multiple times. The process also helps CURE to improve its processing times and minimize some of the back-and-forth communication with new charter applicants.

The collection of this information enables CURE to evaluate the proposed business model before the organizer submits a formal charter application and identify potential weaknesses that can be addressed before the applicant formulates a detailed charter application. The automated process enables the organizers to better understand what is required by CURE.

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 April 18, 2022, at 87 FR 22952, soliciting comments from the public. No public comments were received in response to this notice.

9. Payment or gifts to respondents.

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

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 in the POC. Personally Identifiable Information (PII) is not collected.

12. Burden of information collection.

It is estimated that 22 organizing groups per year will submit the POC to CURE. Each respondent is required to answer four critical elements in each POC submission as follows: (1) Purpose and Core Values (2) Field of Membership (3) Capital and (4) Subscribers. NCUA estimates 4 hours per submission.

	No. of Respondents	No. of Responses per Respondent (Frequency)	Total Annual Response	Hours per Response	Total Annual Burden
POC on-line Application	26	1	26	4	104 hours

Based on the labor rate of \$35 per hour, the total cost to respondents is \$3,640.

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

There are no capital start-up or maintenance costs.

14. Annualized costs to Federal government.

NCUA currently staffs and administers the chartering program through the Office of Credit Union Resources and Expansion (CURE).

Review, Analysis, Reporting	Professional Staff hours (CURE Coordinators)	\$75 per hr.	Support Staff (CURE Specialists)	\$45 per hr.	Total
POC Submission	260	\$19,500	26	\$1,170	\$20,670
Federal Labor Cost					\$20,670
Annual maintenance and licensing of Cyber Grant system attributed to POC submission					\$17,560
Total Cost to the Federal Government					\$38,230

15. Changes in burden.

Four questions were removed from the information collection. The burden associated with these questions are not substantive and will not impact the total burden allotted. The separate instructions for the Proof of Concept Application are being consolidated with the Chartering Guide, cleared under OMB No. 3133-0015.

Adjustments have been made to the number of respondents to reflect the current number reporting. A total of 104 burden hours are requested.

16. Information collection planned for statistical purposes.

The information is not planned for publication.

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

The display of the expiration date would cause design and IT project scheduling concerns and may cause confusion on the date the information is needed by the Agency. Non-display is requested.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

There are no exceptions to the certification statement.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not involve statistical methods.