

National Credit Union Administration
SUPPORTING STATEMENT

Payments on Shares by Public Units and Nonmembers
12 CFR §701.32

OMB No. 3133-0114

A. JUSTIFICATION

1. Circumstances that make the collection of information necessary.

Section 107(6) of the Federal Credit Union Act (Act) and §701.32 of the NCUA Rules and Regulations (12 CFR part 701) may receive from public units and political subdivisions and nonmember credit unions, payments on shares. Limitations on nonmember and public unit deposits in federal credit unions (FCUs) is 50 percent, or \$3 million, whichever is greater, of the difference of paid-in and unimpaired capital and surplus and any public unit and nonmember shares, as measured at the time of acceptance of each public unit or nonmember share. This collection of information is necessary to protect the National Credit Union Share Insurance Fund (NCUSIF).

2. Purpose and use of the information collection.

A safeguard designed to ensure that a FCU's board of directors conducts adequate due diligence before receiving payment on a significant amount of public unit and nonmember shares, the FCU must develop and maintain for review by the NCUA examiners a specific plan regarding the intended use of any borrowing, public unit, or nonmember shares that, taken together, exceed 70 percent of the credit union's paid-in and unimpaired capital and surplus.

Requiring a plan for material levels of external funding sources is prudent due diligence and the Board expects FCUs that accept elevated levels of public unit and nonmember shares to document how the credit union will use those funds consistent with prudent risk management principles.

3. Use of information technology.

Federal credit unions may use any available information technology to satisfy their information collection requirements. NCUA encourages the use of electronic information as it simplifies the data collection process and improves the accuracy and timeliness of the data.

4. Duplication of information.

There is no duplication.

5. Efforts to reduce burden on small entities.

This collection does not have a significant impact on a substantial number of small credit unions.

6. Consequences of not conducting the collection of information.

Deposits in excess of this amount have caused direct losses to the Fund and indirect losses to all federally insured credit unions since they capitalize and maintain the Fund. This collection of information is necessary to protect the NCUSIF.

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 day notice for this information collection was published in the *Federal Register* on October 26, 2022, at 87 FR 64817, soliciting comments from the public. No public comments were received in response to this notice.

9. Payment or gifts to respondents.

No payment or gifts are provided to respondents.

10. Assurance of confidentiality.

There are no assurances of confidentiality other than those provided by law.

11. Questions of a sensitive nature.

There are no questions of a sensitive nature. No personally identifiable information (PII) is collected. This is a recordkeeping requirement.

12. Estimate of burden of the information collection.

The information collection requirement imposed by §701.32 is a recordkeeping requirement. Those FCU accepting public unit or nonmember shares that, taken together with any borrowing, exceed 70 percent of the paid-in and unimpaired capital and surplus, must adopt a written plan concerning the intended use of these funds that is consistent with prudent risk management principles.

No. of Respondents	No. of Annual Responses per Respondent	Total Number of Annual Responses	Hours per Response	Total Annual Burden Hours
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	(Frequency)			
50	1	50	2	100

Based on the labor rate of \$35 per hour, the total cost to respondents is \$3,500.

13. Capital start-up costs and operation and maintenance costs.

There are no capital start-up or operation and maintenance costs associated with this information collection.

14. Annualized cost to the Federal government.

There are no costs to the Federal government.

15. Reason for change in burden.

This is an extension of a currently approved collection.

16. Information collection planned for statistical purposes.

There are no plans for publication of results.

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

The OMB control number and expiration date associated with this PRA submission will be displayed on the Federal government's electronic PRA docket website at www.reginfo.gov.

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

This collection does not involve statistical methods.