

Justification Statement
Purchase of Assets and Assumptions of Liabilities
OMB Control Number 3133-0169
2014

1. Necessity of Information Collection

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. Consideration Given to 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

No duplication exists.

5. Effect on Small Entities

NCUA estimates only five requests annually and concludes, therefore, that this information collection will not have a significant impact on small businesses or other small entities. The FICU will provide a cover letter and any transaction documents already prepared by the FICU in conjunction with the anticipated purchase or assumption. 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 these documents and believes they are created in the regular course of business. NCUA believes this would take one hour or less to prepare and transmit the cover letter and attach any additional documents.

6. Consequences of Not Conducting Collection

The FCU Act requires FICUs to get approval for purchase and assumption transactions before consummating them. Failure to conduct the collection would not only violate the act but also could impact the safety and soundness of a FICU. FICUs will apply for approval for these transactions only if necessary.

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. Consultations Outside the Agency

The required Federal Register notice with a 60-day comment period soliciting comments on this collection of information was published. No public comments were received.

9. Payment or Gift

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

10. Confidentiality

Certain information obtained in this approval request or as part of NCUA's supervisory process is confidential and exempt from release under the Freedom of Information Act. The information will be kept private to the extent permitted by law.

11. Sensitive Questions

No questions of a sensitive nature are asked.

12. Burden of Information Collection

The number of potential respondents includes 6,429 credit unions, the total number of FICUs as of June 30, 2014. 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 recent years, however, NCUA has received less than five requests. NCUA projects the number of annual respondents is five.

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 already prepared by the FICU in conjunction with the anticipated purchase or assumption. NCUA believes this would take one hour or less to prepare and transmit the cover letter and attach 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 these documents and believes they are created in the regular course of business.

5 Respondents @ 1 response = 5 responses
5 responses @ 1 burden hours = 5 burden hours

13. Costs to Respondents

FICUs can use available equipment to comply with this data collection. Therefore, the marginal cost to the respondent, if any, would be minimal. Based on an hourly rate of \$31.89 for compensation of credit union staff, the estimated annual cost to all respondents for this collection is \$159.45.

14. Costs to Federal Government

The cost for NCUA to review and approve is 3 hours per request. Based on an hourly rate of \$63 and five annual requests, the estimated annual cost to NCUA is \$945.

15. Changes in Burden

There is no change to the burden as there haven't been any program changes.

16. Information Collection Planned for Statistical Purposes

Not applicable. The information collection is not used for statistical purposes.

17. Approval to Omit OMB Expiration Date

NCUA is not seeking approval to omit the expiration date. Since this information collection is described in a regulation and will not be collected in any specific form, the expiration date will not be displayed.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

This collection complies with the requirements in 5 CFR 1320.9.