

**Supporting Statement For
OMB Control Number 1557-0190
(MA)-Real Estate Lending and Appraisals --12 CFR 34**

This information collection is being submitted to OMB for review pursuant to issuance of a notice of proposed rulemaking entitled “Regulatory Review Amendments.” The supporting statement covers renewal of the information collection requirements contained in part 34 and the information collection requirements under the notice of proposed rulemaking. The OCC is seeking a three-year extension of approval for the entire information collection.

A. Justification

1. Circumstances that make the collection necessary:

Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), 12 U.S.C. 3331 et seq., directs the Federal banking agencies to publish appraisal rules for federally related transactions. This submission covers those statutorily required appraisal rules.

The notice of proposed rulemaking would amend part 34 to provide national banks with additional flexibility in selecting indices from which adjustments to interest rates in adjustable rate mortgages (ARMs) are derived.

Under current § 34.22, if a national bank makes an adjustable rate mortgage (ARM) loan, the loan documents must specify an index to which a change in the interest rate will be linked. This proposal would amend § 34.22, which describes the requirements that generally apply to such an index, to provide national banks with additional flexibility with respect to the indices upon which ARM rates may be based. It would permit a national bank to use a combination of indices, and to use an index other than one already permissible under the current rule if the bank files a notice with the OCC and the OCC does not notify the bank within 30 days that the notice raises supervisory concerns or novel or significant issues of law or policy. If the OCC notifies the bank about such issues or concerns, the bank may not proceed unless it has obtained the OCC’s written approval.

2. Use of the information:

These regulations are required by statute and are used by the agencies to ensure the safe and sound operation of financial institutions.

3. Consideration of the use of improved information technology:

Banks may adopt any existing technology relevant to the information, as long as the information is retrievable for examination use.

4. Efforts to identify duplication:

This is a recordkeeping requirement that is unique to each bank. The information is not compiled for any other reason, and no duplicate information exists.

5. Methods used to minimize burden if the collection has a significant impact on substantial number of small entities:

This rule imposes on banks, regardless of size, only the minimum burden necessary to fulfill statutory requirements, to ensure safe and sound operation, and to minimize risk to the deposit insurance fund.

6. Consequences to the Federal program if the collection were conducted less frequently:

The collection of information is the minimum necessary to comply with Federal law. Less frequent collection would make the program unworkable and would not be in the public interest.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320:

This collection is conducted in a manner consistent with the guidelines in 5 CFR 1320.6.

8. Efforts to consult with persons outside the agency:

The OCC published a Federal Register notice regarding this renewal of the information collections in 12 CFR Part 34 on March 14, 2007 (72 FR 19934). These revisions are also being issued for 60 days of public comment through a notice of proposed rulemaking. The OCC invites public comments. All comments received will be analyzed and taken into consideration.

9. Payment to respondents:

None.

10. Any assurance of confidentiality:

No assurance of confidentiality is given.

11. Justification for questions of a sensitive nature:

There are no questions of a sensitive nature.

12. Burden estimate:

The OCC estimates that 1,800 national banks will spend 102,650 burden hours to review and maintain the records required under 12 CFR Part 34 Subpart B (Adjustable-Rate

Mortgages), Subpart C (Appraisal Requirements) and Subpart D (Real Estate Lending Standards) and file the reports required by Subpart E (Other Real Estate Owned).

Subpart B (reporting):

600 banks; 600 respondents @ 6 hours = 3,600 burden hours

Subpart C (recordkeeping):

1,800 banks; 1,800 recordkeepers @ 35.0 hours = 63,000 burden hours

Subpart D (recordkeeping):

1,800 banks; 1,800 recordkeepers @ 20.0 hours = 36,000 burden hours

Subpart E (reporting):

10 respondents; 10 responses @ 5.0 hours = 50 burden hours

Total Burden:

Recordkeeping	1,800 national banks	@ 55.00 hours	=	99,000 burden hours
Reporting	600 national banks	@ 6.00 hours	=	3,600 burden hours
Subpart B				
Reporting	10 national banks	@ 5.00 hours	=	50 burden hours
Subpart E				
Total Burden	1,800 national banks	@ 55.03 hours	=	102,650 burden hours

The OCC estimates the cost of the hour burden to respondents/recordkeepers as follows:

Clerical:	20 % x	102,650	=	20,530	@ \$25	=	\$
							513,250
Managerial/technical:	60 % x	102,650	=	61,590	@ \$60	=	\$36,954,000
							0
Senior mgmt/professional:	10 % x	102,650	=	10,265	@ \$100	=	\$
							1,026,500
Legal:	10 % x	102,650	=	10,265	@ \$100	=	\$
							1,026,500
Total:							\$39,520,250

13. Estimates of annualized costs to respondents:

Not applicable.

14. Estimate of annualized costs to the government:

Not applicable.

15. Changes in Burden:

Total difference in
burden:

Former:	2,100 national banks	900 responses	115,550 burden hours
New:	1,800 national banks	1,800 responses	102,650 burden hours
Difference:	- 300 national banks	+ 900 responses	- 12,900 burden hours

The decrease in the number of respondents is due to the decrease in the number of national banks. The increase in the number in responses is due to the correction of a calculation error in our last submission.

16. Information regarding collections whose results are planned to be published for statistical use:

Not applicable. The OCC has no plans to publish the data for statistical purposes.

17. Display of expiration date:

Not applicable.

18. Exceptions to certification statement:

None.

B. Collections of Information Employing Statistical Methods

Not applicable.