



"CAPITAL REQUIREMENTS FOR THE FEDERAL HOME LOAN BANKS"

OMB NUMBER 3069-0059

SUPPORTING STATEMENT

A. Justification

1. Section 6 of the Federal Home Loan Bank Act (Bank Act) establishes the capital structure for the Federal Home Loan Banks (Banks) and requires the Federal Housing Finance Board (Finance Board) to issue regulations prescribing uniform capital standards applicable to each Bank. 12 U.S.C. § 1426. To implement the statutory capital structure for the Banks, the Finance Board added parts 930, 931, 932, and 933 to its regulations. 12 C.F.R. parts 930, 931, 932, and 933. Part 930 establishes definitions applicable to risk management and the capital regulations; part 931 concerns Bank capital stock; part 932 establishes Bank capital requirements; and part 933 sets forth the requirements for Bank capital structure plans. The implementing regulations also include conforming changes to parts 917, 925, and 956, which concern, respectively, the powers and responsibilities of Bank boards of directors and senior management, Bank members, and Bank investments. 12 C.F.R. parts 917, 925, and 956.

The Banks use the information collection contained in the rules implementing section 6 to determine the amount of capital stock a member must purchase to maintain membership in and to obtain services from a Bank. More specifically, sections 931.3 and 933.2(a) of the Finance Board rules authorize a Bank to offer its members several options to satisfy required investments in capital stock as activity-based and /or membership stock purchase requirements. 12 C.F.R. §§ 931.3 and 933.2(a). The information collection is necessary to provide the Banks with the flexibility to meet the statutory and regulatory capital structure requirements while allowing Bank members to choose the option best suited to their business requirements.

2. The Banks use the information collection to implement and maintain their statutory capital stock structure.

3. Approximately 98% of the information collection is collected through electronic or other technological collection techniques.

4. The information collection avoids duplication by using data members already file on periodic call reports with their primary regulator.

5. The information collection does not have a significant economic impact on a substantial number of small entities. The statutory requirements are applicable to all Banks and Bank members regardless of their size. The Finance Board does not have the authority to make adjustments to the statutory requirements to accommodate small entities.



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6. If the information related to satisfaction of a membership investment in capital stock requirement and an activity-based stock purchase requirement were not collected at the times specified, the members' options in purchasing capital stock could be limited and the Bank and member would not be in compliance with statutory and regulatory requirements.

7. There are no special circumstances requiring the information collection to be conducted in a manner inconsistent with the guidelines provided in Question 7.

8. In accordance with the requirements of 5 C.F.R. § 1320.8(d), the Finance Board published a request for public comments regarding this information collection in the *Federal Register* on January 26, 2007. *See* 72 Fed. Reg. 3848 (Jan. 26, 2007). The 60-day comment period closed on March 27, 2007. The Finance Board received no public comments. In addition, the Finance Board contacted Michael Wilson of the Federal Home Loan Bank of Des Moines, 515-281-1012, mwilson@fhlbdm.com, Julia Burghart of the Federal Home Loan Bank of Topeka, 785-438-6144, Julia.Burghart@fhlbTopeka.com, and Carolyn Lesko of the Federal Home Loan Bank of San Francisco, 415-616-2722, leskov@fhlbsf.com.

9. No payment or gift will be provided to any respondent.

10. The Banks will maintain the confidentiality of information obtained from their members as required by applicable statute, regulation, or Finance Board policy.

11. There are no questions of a sensitive nature in the proposed information collection.

12. The Finance Board has analyzed the cost and hour burden for the two facets of the information collection – membership stock purchase requirements and activity-based stock purchase requirements. The aggregate total annual cost and hour burden for the information collection is as follows:

	<u>Banks</u>	<u>Members</u>	<u>TOTAL</u>
Cost:	\$644,359	\$367,073	\$1,011,432
Hours:	15,578	8,953	24,531

The method the Finance Board used to determine the annual cost and hour burden is explained in detail below.

I. Membership Stock Purchase Requirements

The Finance Board based the calculations upon an annual average of 8,105 members submitting 4 reports per year. The aggregate total annual cost and hour burden is as follows:

	<u>Banks</u>	<u>Members</u>	<u>TOTAL</u>
Cost:	\$134,971	\$66,461	\$201,432
Hours:	2,862	1,621	4,483



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A. Banks' Annualized Burden – Membership Stock Purchase Requirements

The estimated annualized cost to the Banks is \$134,971. The estimated annualized hour burden is 2,862 hours. These estimates are based on the following calculations:

Computer/Program analyst collects and downloads member financial information, tests and validates data for capital stock calculation purposes, and prepares reports.

- Review Time: .02038 hours per report
- Total Reports: 32,420 (8,105 members x 4 reports per member)
- Total Hours: 661
- Hourly Rate: \$33 (includes salary, benefits, and overhead)
- Total Cost: \$21,813

Financial Analyst reviews member stock investment reports in detail to ensure compliance with applicable requirements.

- Review Time: 0.0679 hours per report
- Total Reports: 32,420 (8,105 members x 4 reports per member)
- Total Hours: 2,201
- Hourly Rate: \$33 (includes salary, benefits, and overhead)
- Total Cost: \$72,633

Miscellaneous expenses related to report processing.

- Average cost: \$1.25 per report
- Total Reports: 32,420 (8,105 members x 4 reports per member)
- Total Cost: \$40,525

B. Members' Annualized Burden – Membership Stock Purchase Requirements

The estimated annualized cost to the members is \$66,461. The estimated annualized hour burden is 1,621 hours. These estimates are based on the following calculations:

Accounting/Finance staff compiles information, and reviews and analyzes documents for submission to and from the Bank.

- Review Time: 0.05 hours per report
- Total Reports: 32,420 (8,105 members x 4 reports per member)
- Total Hours: 1,621
- Hourly Rate: \$41 (includes salary, benefits, and overhead)
- Total Cost: \$66,461



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II. Activity Based Stock Purchase Requirements

The Finance Board based the calculations upon an annual average of 5,754 borrowing members and a daily average of 564 member respondents, submitting 1 response for each of the 251 business days during the year. The aggregate total annual cost and hour burden is as follows:

	<u>Banks</u>	<u>Members</u>	<u>TOTAL</u>
Cost:	\$509,388	\$300,612	\$810,000
Hours:	12,716	7,332	20,048

A. Banks' Annualized Burden – Activity Based Stock Purchase Requirements

The estimated annualized cost to the Banks is \$509,388. The estimated annualized hour burden is 12,132 hours. These estimates are based on the following calculations:

Credit Analyst/Financial Analyst receives credit/mortgage sale request from member and compiles, inputs, and reviews member stock investment reports in detail to ensure compliance with applicable requirements.

- Review Time: 0.0025 hours per report
- Total Reports: 1,496,040 (5,754 borrowing members x 260 working days x 1 report)
- Total Hours: 3,740
- Hourly Rate: \$33 (includes salary, benefits, and overhead)
- Total Cost: \$123,420

Accounting Officer reviews reports and staff recommendations regarding activity-based stock purchase requirements.

- Review Time: 0.006 hours per report
- Total Reports: 1,496,040 (5,754 borrowing members x 260 working days x 1 report)
- Total Hours: 8,976
- Hourly Rate: \$43 (includes salary, benefits, and overhead)
- Total Cost: \$385,968



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B. Members' Annualized Burden – Activity Based Stock Purchase Requirements

The estimated annualized cost to the members is \$300,612. The estimated annualized hour burden is 7,332 hours. These estimates are based on the following calculations:

Member initiates advance/mortgage sale and discusses financial and document requirements with their Bank.

- Review Time: 0.05 hours per report
- Total Reports: 146,640 (564 daily borrowers x 260 working days x 1 report)
- Total Hours: 7,332
- Hourly Rate: \$41 (includes salary, benefits, and overhead)
- Total Cost: \$300,612

13. The Finance Board has not identified any costs other than those discussed under Question 12.

14. The estimated annual cost burden to the Federal government is \$0.

15. The Finance Board reports adjustments in Items 13 and 14 of OMB Form 83-I as a result of better estimates based upon the actual experience of the Banks and Bank members in implementing the information collection and an increase in the number of Bank members. While the number of members has increased, the burden has decreased significantly as the Banks now access most of the data required by the information collection electronically from regulatory call reports that the members already must file with their primary regulator.

16. The Finance Board will not publish the results of this information collection.

17. The Finance Board plans to display the expiration date for OMB approval.

18. There are no exceptions to the certification statement identified in Item 19.

B. Collection of Information Employing Statistical Methods

The information collection does not employ statistical methods.