



"MEMBERS OF THE BANKS"

OMB NUMBER 3069-0004

SUPPORTING STATEMENT

A. Justification

1. Section 4 of the Federal Home Loan Bank Act (Bank Act) establishes the eligibility requirements an institution must meet to become a member of a Federal Home Loan Bank (Bank). *See* 12 U.S.C § 1424. Part 925 – the membership regulation -- implements section 4 of the Bank Act. *See* 12 CFR part 925. The membership regulation provides uniform application requirements an applicant for Bank membership must meet and review criteria a Bank, and where appropriate, the Federal Housing Finance Board (Finance Board), must apply to determine whether an applicant satisfies the statutory and regulatory membership requirements. More specifically, the regulation implements the statutory eligibility requirements and provides guidance to an applicant on how it may satisfy the requirements. It authorizes a Bank to approve or deny each membership application and permits an applicant to appeal a Bank denial to the Finance Board. The regulation also imposes a continuing obligation on a current Bank member to provide information necessary to determine if it remains in compliance with applicable statutory and regulatory eligibility requirements.

2. The Banks and, where appropriate, the Finance Board, use the information collection to determine whether: (i) an institution satisfies the statutory and regulatory membership requirements; (ii) an annual adjustment to a member's minimum Bank stockholding requirement is necessary; (iii) a member may withdraw; and (iv) a member can transfer to a different Bank district.

3. The information collection permits the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology. Respondents can use these techniques or technologies, such as Sheshunoff Information Services Inc., which calculates performance ratios required in the membership application process, to reduce the information collection burden.

4. The information collection avoids duplication because it requires the submission of information that already is available to, or compiled by, respondents for other purposes. For instance, an applicant can submit information already required for the Federal Deposit Insurance Corporation Report of Condition and Income, Office of Thrift Supervision Thrift Financial Report, audited financial statements, or the public portion of the Community Reinvestment Act examination.

5. The information collection does not have a significant economic impact on a substantial number of small entities. The membership regulation implements statutory requirements and is applicable to all institutions 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 is not collected at the times specified in the regulation, the Banks and, where appropriate, the Finance Board, could not determine whether: (i) an institution satisfies the statutory and regulatory membership requirements; (ii) an annual adjustment to a member's minimum Bank stockholding requirement is necessary; (iii) a member may withdraw; or (iv) a member can transfer to a different Bank district.
7. There are no special circumstances requiring the Finance Board to conduct the information collection 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 February 14, 2007. See 72 Fed. Reg. 7036 (Feb. 14, 2007). The 60-day comment period closed on April 16, 2007. The Finance Board received no comments. The Finance Board also contacted Robert Brick of the Dallas Bank, (214) 441-8525, Dennis Haworth of the Indianapolis Bank, (317) 465-0452, and Steve Horton of the Seattle Bank, (206) 340-8682.
9. No payment or gift will be provided to any respondent.
10. The Banks and Finance Board maintain the confidentiality of information obtained from respondents as required by applicable statute, regulation or agency policy.
11. There are no questions of a sensitive nature in the information collection.
12. The Finance Board has analyzed the cost and hour burden for the 4 facets of the information collection – membership application process, minimum capital stock calculation, membership withdrawals, and transfer of membership to another Bank district. The aggregate total annual cost and hour burden for the information collection is as follows:

	<u>Finance Board</u>	<u>Banks</u>	<u>Applicants/Members</u>	<u>TOTAL</u>
Cost:	\$34,230	\$522,664	\$789,285	\$1,346,179
Hours:	741	5,051	4,770	10,562

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

I. Membership Application Process

The Finance Board based the calculations upon an annual average of 240 applications for membership processed by the Banks and 1 appellate application processed by the Finance Board. The aggregate total annual cost and hour burden is as follows:

	<u>Finance Board</u>	<u>Banks</u>	<u>Applicants/Members</u>	<u>TOTAL</u>
Cost:	\$33,684	\$502,500	\$778,830	\$1,315,014
Hours:	730	4,740	4,690	10,160



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A. Finance Board's Annualized Burden -- Membership Application Process

The estimated annualized cost to the Finance Board is \$33,684. The estimated annual hour burden is 730 hours. These estimates are based on the following calculations:

Financial analyst reviews appellate application to ensure compliance with statutory and regulatory membership eligibility requirements.

- Review time: 2 hours
- Total applications: 1
- Total hours: 2
- Hourly rate: \$46 (includes salary, benefits, and overhead)
- Total cost: \$92

Attorney reviews appellate application to confirm eligibility and to ensure the absence of any special legal issues.

- Review time: 4 hours
- Total applications: 1
- Total hours: 4
- Hourly rate: \$54 (includes salary, benefits, and overhead)
- Total cost: \$216

Management reviews appellate application and Bank and Finance Board staff recommendations and makes a determination on the application.

- Review time: 4 hours
- Total applications: 1
- Total hours: 4
- Hourly rate: \$64 (includes salary, benefits, and overhead)
- Total cost: \$256

Financial analyst tracks applications and docket number requests and performs general clerical functions.

- Processing time: 3 hours
- Total applications: 240
- Total hours: 720
- Hourly rate: \$46 (includes salary, benefits and overhead)
- Total cost: \$33,120



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B. Banks' Annualized Burden -- Membership Application Process

The estimated annualized cost to the Banks is \$502,500. The estimated annualized hour burden is 4,740 hours. These estimates are based on the following calculations:

Credit/financial analyst reviews application to ensure compliance with statutory and regulatory membership eligibility requirements.

- Review time: 10 hours
- Total applications: 240
- Total hours: 2,400
- Hourly rate: \$48 (includes salary, benefits, and overhead)
- Total cost: \$115,200

Attorney reviews application to confirm eligibility and ensure the absence of any special legal issues.

- Review time: 1.5 hours
- Total applications: 240
- Total hours: 360
- Hourly rate: \$119 (includes salary, benefits, and overhead)
- Total cost: \$42,840

Management reviews application and staff recommendations regarding membership eligibility.

- Review time: 8.25 hours
- Total applications: 240
- Total hours: 1,980
- Hourly rate: \$141 (includes salary, benefits, and overhead)
- Total cost: \$279,180

Research on applicants' directors and officers, preparation of membership certificates, and other administrative costs related to membership application processing.

- Average cost per application: \$72
- Total applications: 240
- Total cost: \$17,280

Obtain copies of the supervisory and Community Reinvestment Act examination reports.

- Average cost per examination report: \$100
- Total reports: 480 (240 applicants x 2 reports)
- Total cost: \$48,000



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C. Applicants' Annualized Burden -- Membership Application Process

The estimated annualized cost to applicants is \$778,830. The estimated annualized hour burden is 4,690 hours. These estimates are based on the following calculations:

Staff prepares the membership application.

- Processing time: 8.75 hours
- Total applications: 240
- Total hours: 2,100
- Hourly rate: \$24 (includes salary, benefits, and overhead)
- Total cost: \$50,400

Attorney reviews application to ensure compliance with statutory and regulatory requirements.

- Review time: 2 hours
- Total applications: 240
- Total hours: 480
- Hourly rate: \$125 (includes salary, benefits, and overhead)
- Total cost: \$60,000

Management reviews and then presents the application to the board of directors for approval.

- Review time: 8.25 hours
- Total applications: 240
- Total hours: 1,980
- Hourly rate: \$132 (includes salary, benefits, and overhead)
- Total cost: \$261,360

Board of directors reviews and approves the membership application resolution.

- Review time: 0.5 hours
- Total applications: 240
- Total hours: 120
- Hourly rate: \$3,388 (combined rate for all directors)
- Total cost: \$406,560

Prepare and submit an appellate application to the Finance Board.

- Processing time: 10 hours
- Total appellate applications: 1
- Total hours: 10
- Hourly rate: \$51 (includes salary, benefits, and overhead)
- Total cost: \$510



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II. Minimum Capital Stock Calculation

The Finance Board based the calculations upon an annual average of 240 applications for membership. The aggregate total annual cost and hour burden is as follows:

	<u>Finance Board</u>	<u>Banks</u>	<u>Applicants/Members</u>	<u>TOTAL</u>
Cost:	\$0	\$12,432	\$3,168	\$15,600
Hours:	0	264	24	288

A. Finance Board's Annualized Burden -- Minimum Capital Stock Calculation

The Finance Board is not involved in calculating minimum capital stock purchase requirements.

B. Banks' Annualized Burden -- Minimum Capital Stock Calculation

The estimated annualized cost to the Banks is \$12,432. The estimated annualized hour burden is 264 hours. These estimates are based on the following calculations:

Administrative assistant provides capital stock calculation worksheet to member and requests confirmation of financial data.

- Processing time: 0.1 hours
- Total applications: 240
- Total hours: 24
- Hourly rate: \$38 (includes salary, benefits, and overhead)
- Total cost: \$912

Credit/financial analyst reviews member financial data and calculates minimum capital stock requirement.

- Review time: 1 hour
- Total applications: 240
- Total hours: 240
- Hourly rate: \$48 (includes salary, benefits, and overhead)
- Total cost: \$11,520

C. Members' Annualized Burden -- Minimum Capital Stock Calculation

The estimated annualized cost to members is \$3,168. The estimated annualized hour burden is 24 hours. These estimates are based on the following calculations:

Management confirms accuracy of the capital stock calculation.

- Review time: 0.1 hours
- Total members: 240
- Total hours: 24
- Hourly rate: \$132 (includes salary, benefits, and overhead)
- Total cost: \$3,168



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III. Withdrawals From Membership

The Finance Board based the calculations upon an annual average of 14 notices of intent to withdraw from membership. The aggregate total annual cost and hour burden is as follows:

	<u>Finance Board</u>	<u>Banks</u>	<u>Applicants/Members</u>	<u>TOTAL</u>
Cost:	\$546	\$5,429	\$6,468	\$12,443
Hours:	10.5	38.5	49	98

A. Finance Board's Annualized Burden-- Withdrawals from Membership

The estimated annualized cost to the Finance Board is \$546. The estimated annual hour burden is 10.5 hours. These estimates are based on the following calculations:

Program/financial analyst reviews notice of intent to withdraw from membership to ensure compliance with statutory and regulatory requirements.

- Review time: 0.5 hours
- Total withdrawal requests: 14
- Total hours: 7
- Hourly rate: \$46 (includes salary, benefits, and overhead)
- Total cost: \$322

Management reviews analyst's summary on member's notice of intent to withdraw.

- Review time: .25 hours
- Total withdrawal requests: 14
- Total hours: 3.5
- Hourly rate: \$64 (includes salary, benefits, and overhead)
- Total cost: \$224

B. Banks' Annualized Burden -- Withdrawals from Membership

The estimated annualized cost to the Banks is \$5,429. The estimated annual hour burden is 38.5 hours. These estimates are based on the following calculation:

Management reviews on member's notice of intent to withdraw.

- Review time: 2.75 hours
- Total withdrawal requests: 14
- Total hours: 38.5
- Hourly rate: \$141 (includes salary, benefits, and overhead)
- Total cost: \$5,429



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C. Members' Annualized Burden -- Withdrawals from Membership

The estimated annualized cost to Bank members is \$6,468. The estimated annualized hour burden is 49 hours. These estimates are based on the following calculations:

Management prepares and submits a notice of intent to withdraw from membership.

- Processing time: 3.5 hours
- Total notices: 14
- Total hours: 49
- Hourly rate: \$132 (includes salary, benefits, and overhead)
- Total cost: \$6,468

IV. Transfer of Membership

The Finance Board based the calculations upon an annual average of 2 requests from members to transfer membership to another Bank district. The aggregate total annual cost and hour burden is as follows:

	<u>Finance Board</u>	<u>Banks</u>	<u>Applicants/Members</u>	<u>TOTAL</u>
Cost:	\$0	\$2,303	\$819	\$3,122
Hours:	0	8.5	7	15.5

A. Finance Board's Annualized Burden -- Transfer of Membership

The Finance Board generally is not involved in transfer of membership determinations.

B. Banks' Annualized Burden -- Transfer of Membership

The estimated annualized cost to the Banks is \$2,303. The estimated annualized hour burden is 8.5 hours. These estimates are based on the following calculations:

Program/financial analyst reviews request to transfer membership to another Bank district.

- Review time: 2 hours
- Total requests: 2
- Total hours: 4
- Hourly rate: \$48 (includes salary, benefits, and overhead)
- Total cost: \$192

Attorney reviews request to transfer membership to another Bank district to ensure compliance with statutory and regulatory requirements.

- Review time: 1 hour
- Total requests: 2
- Total hours: 2
- Hourly rate: \$119 (includes salary, benefits, and overhead)
- Total cost: \$238



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Management reviews staff recommendation regarding transfer of membership.

- Review time: 0.5 hours
- Total requests: 2
- Total hours: 1
- Hourly rate: \$141 (includes salary, benefits, and overhead)
- Total cost: \$141

Board of directors reviews and makes determination on transfer of membership.

- Review time: .25 hours
- Total requests: 2
- Total hours: 0.5
- Hourly rate: \$3,388 (combined rate for all directors)
- Total cost: \$1,694

Administrative assistant prepares and submits notice of determination on transfer of membership to the Finance Board.

- Processing time: 0.5 hours
- Total requests: 2
- Total hours: 1
- Hourly rate: \$38 (includes salary, benefits, and overhead)
- Total cost: \$38

C. Members' Annualized Burden -- Transfer of Membership

The estimated annualized cost to members is \$819. The estimated annualized hour burden is 7 hours. These estimates are based on the following calculations:

Management prepares request to transfer membership to another Bank district.

- Processing time: 3 hours
- Total requests: 2
- Total hours: 6
- Hourly rate: \$132 (includes salary, benefits, and overhead)
- Total cost: \$792

Administrative assistant prepares and submits to the Bank a request to transfer membership to another Bank district.

- Processing time: 0.5 hours
- Total requests: 2
- Total hours: 1
- Hourly rate: \$27 (includes salary, benefits, and overhead)
- Total cost: \$27



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13. The Finance Board has not identified any costs to respondents other than the costs discussed in detail under Question 12.

14. The estimated annual cost burden to the Federal government is \$34,230. The method used to determine these costs is discussed in detail under Question 12.

15. The Finance Board reported adjustments in Items 13 and 14 of OMB Form 83-I to reflect better estimates, cost and hour burden updates, an increase in the number of Bank members, and a decrease in the number of membership applications. There are no program changes to report.

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.

Attachments