

Federal Deposit Insurance Corporation
Community Reinvestment Act
OMB Control Number 3064-0092

Introduction

This is a request to renew, without change, the above-captioned currently approved collection of information. The collection is scheduled to expire on October 31, 2007.

A. Justification

1. Circumstances that make the collection necessary

The Community Reinvestment Act regulation (CRA) requires the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), and the Office of Thrift Supervision (OTS) (collectively, the Agencies) to assess the record of banks and thrifts in helping meet the credit needs of their entire communities, including low- and moderate-income neighborhoods, consistent with safe and sound operations; and to take this record into account in evaluating applications for mergers, branches, and certain other corporate activities. Further, the CRA statute requires the Agencies to issue regulations to carry out its purposes.

The Agencies must provide written CRA evaluations of the institutions they supervise. The public portion of each written evaluation must present the agency's conclusions with respect to the CRA performance standards identified in its regulations; include the facts and data supporting those conclusions; and must contain the institution's CRA rating and the basis for that rating. The conclusions with respect to each performance standard (together with supporting facts and data) must be presented separately for each metropolitan area in which the institution maintains one or more domestic branches. If the institution has interstate branches, the appropriate agency must prepare separate written evaluations for each state in which the institution has a branch. This state-specific evaluation must present information separately for each metropolitan area where the institution has a branch and for the rest of the non-metropolitan area of the state, if the institution has a branch in the non-metropolitan area. If the institution has a branch in a multistate metropolitan area, the agency must prepare a separate written evaluation of the institution's record of performance in that multistate metropolitan area.

2. Use of the information

The Agencies use the information to assess each institution's record of helping to meet the credit needs of its entire community. The Agencies use the data to support their conclusions regarding an institution's record of performance, in assigning a rating, and in preparing the written public evaluations that the statute requires when an institution is examined. Additionally, judgments based on these data are used in evaluating an institution's applications for mergers, branches, and other corporate activities. The public uses this information to assess independently the institution's CRA performance and to participate meaningfully in the application process.

The Agencies use the data to examine, assess, and assign a rating to an institution's CRA performance and to prepare the public section of the written CRA performance evaluation. The collection emphasizes performance over paperwork and eliminates unnecessary documentation of policies, procedures, and CRA contacts. By stating clearly what they use to assess CRA performance, the Agencies have eliminated incentives for an institution to maintain voluminous records solely for the purpose of demonstrating compliance to the regulator. In addition, where feasible, the Agencies permit institutions to use data that are already available (for example, Home Mortgage Disclosure Act (HMDA)) data. Finally, the collection provides evaluation criteria that vary appropriately with the size and business strategy of the institution.

3. Consideration of the use of improved information technology

The Agencies use information technology to reduce compliance burden on institutions and decrease costs to both the institutions and the Agencies. To help alleviate the burden and expense of geocoding loans, the Federal Financial Institutions Examination Council (FFIEC) provides a geocoding utility free-of-charge on its web site. This program enables an institution to enter the address of a given property and quickly obtain the information needed to geocode the property. This site also provides demographic data about each property; it has been used extensively by financial institutions and the public.

The Agencies also developed Windows®-based software that helps institutions comply with the requirements to maintain CRA loan data in a machine-readable form. The Agencies provide this software annually at no charge to institutions. Additionally, an institution may use any other information technology available that meets the Agencies' specifications. The Agency-provided software includes encrypted Internet transmission capability (for year-end reporting) and on-line help guides that provide information about data-reporting requirements. The Agencies also provide an automated assistance line and a fully automated fax-retrieval system that delivers a wide array of materials, usually within 30 minutes of a request.

In addition, the Agencies provide access via the Internet to reports that institutions and examiners can use to analyze performance to date throughout the calendar year. The Agencies also distribute annual data reports in CD-ROM format to all institutions. By using information technology, the Agencies are able to facilitate the data collection and reduce compliance costs.

4. Efforts to identify duplication

The information pertains to institution-specific activities and lines of business in particular geographic areas. It supports institution-specific requests for approval of strategic plans and certain applications. As described in Item 1 above, where the Agencies already collect information useful for CRA purposes, they have relied on the existing collection, rather than requiring that the information be provided in a different format.

5. Methods used to minimize burden on small entities

Small institutions are subject to only very modest burden under the CRA regulations. Most of the reporting and recordkeeping requirements in the regulations do not apply to small institutions. A small institution must comply only with the requirement to maintain a public file and make disclosures of that file upon request.

The Agencies have also designed the collection to minimize burden on small institutions in other ways. Small institutions are evaluated under different performance standards than large institutions. The Agencies generally assign CRA ratings to institutions that are not small based on the institution's performance under the lending, investment, and service tests, the community development test, or an approved strategic plan, as applicable. Small institutions are evaluated under separate performance standards that focus on the lending and lending-related activities of small institutions based on information that examiners prepare. The Agencies will assess investment and service performance of a small institution, at the institution's option. This streamlined examination treatment greatly reduces burden on small institutions. Because examiners, and not the banks, prepare the information on which evaluations are based, the community development performance criterion (for banks with assets between \$250 million and \$1 billion) applicable to small banks does not impose any burden on small banks.

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

The regulations require an annual report from large institutions by March 1 of the prior calendar year's data. Reporting less frequently would lessen the utility of the data for both the public and the Agencies. A comparison, at least annually, of an institution's performance with that of other lenders in similar situations is a critical component in the CRA evaluative process. The Agencies expect, however, that institutions will add data to their in-house files at regular intervals throughout the year, making entries as usual and customary and in conformance with generally accepted accounting principles (GAAP).

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

None.

8. Efforts to consult with persons outside the Agency

The Agencies established this collection through joint notice-and-comment rulemaking. The Agencies' staffs consulted extensively when developing the collection, and continue to consult frequently as it is administered. A "first" Federal Register notice (60-day comment period) was published prior to submitting this renewal request to OMB. No comments were received.

9. Payment to respondents

There is no payment to respondents.

10. Assurance of confidentiality

A primary purpose for collection of CRA data is disclosure to the public. Therefore, no assurance of confidentiality is made.

11. Justification for questions of a sensitive nature

There are no questions of a sensitive nature.

12. **Burden Estimate**

The collections of information are found in the FDIC's CRA regulations at 12 CFR 345.25, 345.27, 345.41, 345.42, and 345.43.

Estimated Reporting Burden – *The reporting requirements involve approximately 223 large banks*

223 respondents; 67,127 reporting burden hours

Estimated Recordkeeping Burden – The recordkeeping requirements involve approximately 223 large banks.

223 recordkeepers; 73,888 recordkeeping burden hours

Estimated Disclosure Burden – The public file and public notice disclosure requirements involve 5,073 small banks and 223 large banks.

5,296 respondents @ 10 hours = 52,960 total disclosure burden hours

Total CRA Burden – The FDIC estimates the combined estimated total annual reporting, recordkeeping, and disclosure burden at 193,975 hours.

Cite and Burden Type	Requirements in 12 CFR 345	No. of Respondents	Avg. hours per Response	Estimated Burden Hours
12 CFR 345.25(b) Optional reporting	<u>Request for designation as a wholesale or limited purpose bank</u> – Banks requesting this designation shall file a request in writing with the FDIC at least 3 months prior to the proposed effective date of the designation	4	4	16
12 CFR 345.27 Optional reporting	<u>Strategic plan</u> – Applies to banks electing to submit strategic plans to the FDIC for approval.	1	275	275
12 CFR 345.42(a) Recordkeeping	<u>Small business/small farm loan register</u> – Large banks shall collect and maintain in machine-readable form the following data: <ul style="list-style-type: none"> • Unique or alpha-numeric symbol • Loan amount • Loan location • Indicator whether the loan was to a business or farm w/gross annual revenues of \$1 million or less 	223	219	48,837
12 CFR 345.42(b) (1) Reporting	<u>Small business/small farm loan data</u> – Large banks shall report annually in machine readable form the aggregate number and amount of loans: <ul style="list-style-type: none"> • With an amount at origination of \$100,000 or less • With amount at origination of more than \$100,000 but less than or equal to \$250,000 • With an amount at origination of more than \$250,000 • To businesses and farms with gross annual revenues of \$1 million or less 	223	8	1,784
12 CFR 345.42(b) (2) Reporting	<u>Community development loan data</u> – Large banks shall report annually in machine readable form the aggregate number and aggregate amount of community development loans originated or purchased.	223	13	2,899
12 CFR 345.42(b) (3) Reporting, if applicable	<u>Home mortgage loans</u> – Large banks , if subject to reporting under part 203 (Home Mortgage Disclosure (HMDA)), shall report the location of each home mortgage loan application, origination, or purchase outside the MSA in which the bank has a home/branch office.	223	253	56,419
12 CFR 345.42(c) Optional recordkeeping	<u>Optional consumer loan data</u> – All banks may collect and maintain in machine readable form data for consumer loans originated or purchased by a bank for consideration under the lending test, as follows: <ul style="list-style-type: none"> • Unique number or alpha-numeric symbol • Loan amount at origination or purchase • Loan location • Gross annual income of the borrower that the bank considered in making its credit decision 	76	326	24,776
12 CFR 345.42(c) (2)	<u>Other loan data</u> – At its option, all banks may provide other information concerning its lending	11	25	275

Cite and Burden Type	Requirements in 12 CFR 345	No. of Respondents	Avg. hours per Response	Estimated Burden Hours
Optional recordkeeping	performance, including additional loan distribution data.			
12 CFR 345.42(d) Optional reporting	<u>Data on affiliate lending</u> – Banks that elect to have the FDIC consider loans by an affiliate, for purposes of the lending or community development test or an approved strategic plan, shall collect, maintain and report the data that the bank would have collected, maintained, and reported pursuant to §345.42(a), (b), and (c) had the loans been originated or purchased by the bank. For home mortgage loans, the bank shall also be prepared to identify the home mortgage loans reported under HMDA.	132	38	5,016
12.CFR 345.42(e) Optional reporting	<u>Data on lending by a consortium or a third party</u> – Banks that elect to have the FDIC consider community development loans by a consortium or a third party, for purposes of the lending or community development tests or an approved strategic plan, shall report for those loans the data that the bank would have reported under §345.42(b) (2) had the loans been originated or purchased by the bank.	16	17	272
12 CFR 345.42(g) Reporting	<u>Assessment area data</u> – Large banks shall collect and report to the FDIC a list for each assessment area showing the geographies within the area ¹ .	223	2	446
12 CFR 345.41(a), 345.43(a), (a)(1), (a)(2), (a)(3), (a)(4), (a)(5), (a)(6), (a)(7), (b)(1), (b)(2), (b)(3), (b)(4), (b)(5), (c), (d) Disclosure	<u>Content and availability of public file</u> – All banks shall maintain a public file that contains the following information: <ul style="list-style-type: none"> • All written comments and responses • A copy of the public section of the bank’s most recent CRA performance evaluation • A list of the bank’s branches • A list of the branches opened or closed • A list of services offered • A map of each assessment area <p>All banks, if applicable, shall include in its public file:</p> <ul style="list-style-type: none"> • Strategic plans • Description of the current efforts to improve its performance in helping to meet the credit needs of its entire community <p>Additional information by large banks, if applicable, shall include in its public file (for prior two years):</p> <ul style="list-style-type: none"> • Consumer loan data. 	5,073 small 223 large 5,296 total	10	50,730 2,230 Total 52,960

¹ The assessment area delineation requirement (.41(a)) for small institutions is allocated in the public file requirement since the smaller institutions are not required to submit their delineation to the agencies, but must merely place it in their public file.

Cite and Burden Type	Requirements in 12 CFR 345	No. of Respondents	Avg. hours per Response	Estimated Burden Hours
	<ul style="list-style-type: none"> • CRA Disclosure Statements • HMDA Disclosure Statements <p>Additional information by small banks:</p> <ul style="list-style-type: none"> • Loan-to-deposit ratio for each quarter of the prior calendar year, and at its option, additional data on its loan-to-deposit ratio • Information required under §345.43(b)(1) 			
Total Part 345				Total Burden: 193,975

The FDIC estimates the cost of the annualized cost to respondents of the hour burden, broken down by wage rate categories, as follows:

Clerical:	60% x 193,975 = 116,385 hours @ \$20 =	\$ 2,327,700
Managerial/technical:	38% x 193,975 = 73,711 hours @ \$40 =	\$ 2,948,440
Senior mgmt/professional:	02% x 193,975 = 3,880 hours @ \$80 =	\$ 310,400
Total:		\$ 5,586,540

13. Estimate of the total annualized cost to respondents (excluding the cost of any hour burden shown in Items 12 and 14, and excluding purchases of equipment and services made prior to October 1, 1995, or as part of usual and customary business practice)

All costs of this collection to the respondents are presented in Item 12. No capital outlay is required. This is an extension, without change, of an existing requirement. The Agencies provide suitable software for almost every computer application. However, some institutions may choose, for reasons they deem appropriate to their businesses, to develop their own software or purchase other software from commercial firms.

14. Estimate of annualized cost to the Federal government

The Federal Reserve Board, on behalf of the FFIEC and the Agencies, processes all CRA data used by the institutions to collect their reportable data. The agencies contribute to pay the costs. The agencies' 2001 annual cost was estimated to be \$780,760.

15. Changes in burden

There are no changes in burden.

16. Information regarding collections whose results are planned to be published

The agencies prepare – for each MSA and the non-MSA portion of each state – an annual aggregate report and disclosure statement of the reported data. The FFIEC makes these

aggregate statements and the individual institutions' disclosure statements available to the public in CD-ROM format. The FFIEC also makes the statements available at central data depositories nationwide.

17. Display of expiration date

No exceptions are requested.

18. Exceptions to certification statement

None.

B. Collections of information employing statistical methods

None.

Related documents

12 USC 2901 *et seq.*

12 CFR Part 345

"First" *Federal Register* notice

"Second" *Federal Register* notice