

Office of the Comptroller of the Currency
Supporting Statement
Community Reinvestment Act Regulation – 12 CFR 25
OMB Control No. 1557-0160

A. Justification

1. Circumstances that make the collection necessary:

The Community Reinvestment Act regulation (CRA) requires the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), the Federal Deposit Insurance Corporation (FDIC), and the Office of Thrift Supervision (OTS) (collectively, the Agencies) to assess the record of banks and savings associations in helping to 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. 12 U.S.C. 2903. Further, the CRA statute requires the Agencies to issue regulations to carry out its purposes. 12 U.S.C. 2905.

Each Agency 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 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 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. 12 U.S.C. 2906.

The data collection requirements in the CRA regulations are necessary for the Agencies to examine, assess, and assign a rating to an institution's CRA performance and to prepare the public section of the CRA performance evaluation. The CRA regulations emphasize performance over paperwork and eliminate unnecessary documentation of policies, procedures, and CRA contacts. By stating clearly what they use to assess CRA performance, the Agencies have eliminated regulatory incentives for an institution to maintain voluminous records solely for the purpose of demonstrating CRA compliance to a regulator. In addition, where feasible, the Agencies tailored the data collection requirements so that institutions could rely on data that were already available (for example, Home Mortgage Disclosure Act (HMDA) data). Finally, the regulations provide evaluation criteria that vary appropriately with the size and business strategy of the institution.

The CRA and the OCC's general rulemaking authority at 12 U.S.C. 93a authorize the OCC to promulgate the CRA regulations. These regulations, which are located at 12 CFR Part 25, implement the CRA.

2. Use of the information:

The Agencies use the data collected under the CRA regulations to fulfill their statutory obligations, including the assessment of each institution's record of helping to meet the credit needs of local communities. The Agencies use the data to support their conclusions regarding an institution's record of performance, in assigning a CRA rating, and in preparing the public evaluations that the statute requires. 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 the institution's CRA performance and to participate meaningfully in the application process.

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 linking of geographic information and loan data), the Federal Financial Institutions Examination Council (FFIEC) provides a geocoding utility free-of-charge on its Web site (<http://www.ffiec.gov>). This program enables an institution to enter the address of a given property and obtain quickly the information needed to geocode the property. This Web site also provides demographic data about each property, and has been used extensively by financial institutions and the public.

The Agencies also developed software that helps institutions comply with the requirements to maintain CRA loan data in a machine-readable form. The Agencies provide this software annually and at no charge to institutions. 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 the request. Additionally, an institution may use any other information technology available that meets the Agencies' specifications.

Furthermore, the Agencies provide access to reports that institutions and examiners can use to analyze performance to date throughout the calendar year. For instance, aggregate CRA and HMDA data are posted on the FFIEC Web site (<http://www.ffiec.gov/cra>). The Agencies also distribute annual data reports in CD-ROM format to all institutions. By using information technology, the Agencies are able to facilitate compliance with the regulations and reduce an institution's compliance costs.

4. Efforts to identify duplication:

The information collected under the Agencies' CRA regulations pertains to institution-specific activities and lines of business in particular geographic areas. The information supports institution-specific requests for approval of strategic plans and certain applications. For these reasons, almost all of the information collected pursuant to the CRA regulations is not otherwise available. As described in Item 1 of this Supporting Statement, 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 if the collection has an impact on small entities:

Small institutions are subject to 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.

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. 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.

The current CRA regulations ease regulatory burden on small banks by adjusting the small bank threshold amount based on the annual percentage change in the Consumer Price Index. For 2008, the small bank threshold is \$1.061 billion. Also, the CRA regulations provide a simplified lending test and a flexible community development test for small banks with an asset size between \$265 million and \$1.061 billion in 2008.

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

The regulations require an annual report of the prior calendar year's data from large institutions by March 1st. Reporting less frequently would decrease the utility of the data for both the public and the Agencies. The Agencies believe that a comparison, at least annually, of an institution's performance with that of their peer institutions is a critical component in the CRA evaluation 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.

7. Special circumstances necessitating the collection to be conducted in a manner inconsistent with 5 CFR Part 1320:

The information collection requirements in the Agencies' CRA regulations are consistent with OMB regulations.

8. Efforts to consult with persons outside the agency:

On February 15, 2008, the OCC published a notice in the Federal Register soliciting comments for 60 days on this information collection (73 FR 8930). The OCC received no comments.

9. Payment to respondents:

Not applicable. 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.

12 CFR 25.27 requires a bank that elects to be examined under a CRA strategic plan to submit its strategic plan to the OCC for approval. A bank may submit additional information to the OCC on a confidential basis, but the goals stated in the plan must be sufficiently specific to enable the public and the OCC to judge the merits of the plan. The OCC would provide confidential treatment for strategic plan-related information to the extent permitted by the Freedom of Information Act (5 U.S.C. 552).

11. Justification for questions of a sensitive nature:

There are no questions of a sensitive nature.

12. Burden estimate:

The collections of information in the OCC's CRA regulation are found at 12 CFR 25.25, 25.27, 25.41, 25.42, and 25.43.

Estimated Reporting Burden – The reporting requirements involve approximately 166 large national banks

166 respondents; 51,308 reporting burden hours

Estimated Recordkeeping Burden – The recordkeeping requirements involve approximately 166 large national banks.

166 recordkeepers; 52,854 recordkeeping burden hours

Estimated Disclosure Burden – The public file and public notice disclosure requirements involve 1,546 small national banks and 166 large national banks.

1,712 respondents @ 10 hours = 17,120 total disclosure burden hours

Total CRA Burden – The OCC estimates the combined estimated total annual reporting, recordkeeping, and disclosure burden at 121,282 hours.

Cite and Burden Type	Requirements in 12 CFR 25	No. of Respondents	Avg. hours per Response	Estimated Burden Hours
12 CFR 25.25(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 OCC at least 3 months prior to the proposed effective date of the designation	7	4	28
12 CFR 25.27 Optional reporting	<u>Strategic plan</u> – Applies to banks electing to submit strategic plans to the OCC for approval.	7	275	1,925
12 CFR 25.42(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 	166	219	36,354
12 CFR 25.42(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 	166	8	1,328
12 CFR 25.42(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.	166	13	2,158
12 CFR 25.42(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.	166	253	41,998
12 CFR 25.42(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 	50	326	16,300
12 CFR 25.42(c)(2)	<u>Other loan data</u> – At its option, all banks may	8	25	200

Cite and Burden Type	Requirements in 12 CFR 25	No. of Respondents	Avg. hours per Response	Estimated Burden Hours
Optional recordkeeping	include other information concerning its lending performance, including additional loan distribution data.			
12 CFR 25.42(d) Optional reporting	<u>Data on affiliate lending</u> – Banks that elect to have the OCC 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 §25.42(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.	56	38	2,128
12.CFR 25.42(e) Optional reporting	<u>Data on lending by a consortium or a third party</u> – Banks that elect to have the OCC 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 §25.42(b) (2) had the loans been originated or purchased by the bank.	83	17	1,411
12 CFR 25.42(g) Reporting	<u>Assessment area data</u> – Large banks shall collect and report to the OCC a list for each assessment area showing the geographies within the area ¹ .	166	2	332
12 CFR 25.41(a), 25.43(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	<p><u>Content and availability of public file</u> – All banks shall maintain a public file that contains the following information:</p> <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. 	1,546 small 166 large 1,712 total	10	15,460 1,660 Total 17,120

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 25	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 §25.43(b)(1) 			
Total Part 25				Total Burden: 121,282

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

Clerical:	60% x 121,282 =	72,769 hours @ \$20 =	\$1,455,384
Managerial/technical:	38% x 121,282 =	46,087 hours @ \$40 =	\$1,843,486
Senior mgmt/professional:	02% x 121,282 =	2,426 hours @ \$80 =	\$ 194,051
Total:			\$3,492,922

13. Estimate of the total annualized cost to respondents:

There are no capital or start-up costs associated with this collection. In addition, there are no system and technology acquisition or operation and maintenance costs.

14. Estimate of annualized cost to the Federal government:

The OCC's FY 2006 annual cost for processing all CRA data reported by national banks was estimated to be \$554,107.

15. Changes in burden:

Former burden:
1,877 respondents; 160,782 burden hours

New burden:
1,712 respondents; 121,282 burden hours

Difference:
-165 respondents; -39,500 burden hours (adjustment)

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

The OCC prepares – 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:

Not applicable. The information collections are contained in regulations.

18. Exceptions to certification statement:

Not applicable.

B. Collections of information employing statistical methods

Not applicable.