

**Office of the Comptroller of the Currency**  
**Supporting Statement**  
**Loans in Areas Having Special Flood Hazards – 12 CFR 22**  
**OMB Control No. 1557-0202**

A. Justification.

1. Circumstances that make the collection necessary:

This collection of information is set forth in OCC regulations at 12 CFR Part 22 and is required by section 303(a)<sup>1</sup> and title V of the Riegle Community Development and Regulatory Improvement Act,<sup>2</sup> the National Flood Insurance Reform Act of 1994 amendments to the National Flood Insurance Act of 1968<sup>3</sup> and the Flood Disaster Protection Act of 1973.<sup>4</sup>

The collections of information pertain to loans secured by buildings and mobile homes located or to be located in areas determined by the director of the Federal Emergency Management Agency (FEMA) to have special flood hazards. Section 22.6 applies to loans secured by buildings or mobile homes, regardless of location.

2. Use of the information:

Notices and Disclosure Requirements:

- 12 CFR 22.6 -- Required Use of Standard Flood Hazard Determination Form -- A national bank must use and maintain a copy of the Standard Flood Hazard Determination Form developed by FEMA.
- 12 CFR 22.7 -- Notice of Forced Placement of Flood Insurance -- If the borrower has not obtained required flood insurance or has purchased inadequate coverage, a national bank or its loan servicer must notify the borrower that the borrower should obtain adequate flood insurance coverage (forced placement notice). The forced placement notice informs the borrower of the amount of flood insurance to purchase. If the borrower fails to purchase insurance, the bank or its servicer will purchase insurance on the borrower's behalf and charge the borrower for the premiums and fees.
- 12 CFR 22.9 -- Notice to Borrower -- A national bank making, extending, increasing or renewing a loan secured by property located in a special flood hazard area must provide a notice to the borrower and loan servicer (borrower notice). The borrower notice advises the borrower that the property securing the loan is located in a special flood hazard area and that flood insurance on the property securing the loan is required. It includes a description of the

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1 12 U.S.C. 4804.

2 42 U.S.C. 4104(a).

3 12 U.S.C. 4104a and 4104b.

4 12 U.S.C. 4012a and 4106(b).

flood insurance purchase requirements and provides the borrower with information regarding whether flood insurance is available under the National Flood Insurance Program and the availability of Federal assistance in the event of a declared Federal flood disaster. The notice is used by the borrower to make borrowing decisions, including the collateral to be used to secure the loan. The notice is used by the loan servicer to carry out its servicing responsibilities.

- 12 CFR 22.10 -- Notice to FEMA -- A national bank making, increasing, extending, renewing, selling or transferring a loan secured by property located in a special flood hazard area must notify the Director of FEMA (or FEMA's designee) of the identity of the loan servicer (servicer notice), and of any change in the loan servicer within 60 days of such change. FEMA uses the servicer notice to maintain current information regarding to whom to direct notices or inquiries regarding flood insurance or to send notices of flood insurance policy renewals.

#### Recordkeeping Requirements:

- 12 CFR 22.6(b) -- Retention of Standard Flood Hazard Determination Form -- A national bank must retain a copy of the completed Standard Flood Hazard Determination Form for the period of time the bank owns the loan. The OCC uses this record to verify regulatory compliance.
- 12 CFR 22.9(d) -- Record of Borrower and Servicer Receipt of Notice -- A national bank must retain a record of the receipt of the borrower notice by the borrower and the loan servicer for the period of time the bank owns the loan. The OCC uses this record to verify regulatory compliance.

#### 3. Consideration of the use of improved information technology:

The RESPA Notice of Transfer sent to FEMA may be provided electronically. The Notice to Servicer may be made electronically if such transmission is acceptable to FEMA. The standard flood hazard determination form may be used in an electronic manner. Also, retention of the copy of the standard flood hazard determination may be done electronically.

#### 4. Efforts to identify duplication:

The information required is unique to the bank and to the loan. It is not duplicated elsewhere.

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

Not applicable.

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

The information collection generally is conducted only for loans secured by buildings or mobile homes located in special flood hazard areas. Less frequent notice would substantially impair the effectiveness of the program.

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

None. The information collection is conducted in accordance with OMB guidelines in 5 CFR part 1320.

8. Efforts to consult with persons outside the agency:

On March 10, 2008, the OCC published a notice in the Federal Register (73 FR 12799) soliciting comments for 60 days on the proposed extension of the information collection. No comments were received.

9. Payment to respondents:

None.

10. Any assurance of confidentiality:

There is no assurance of confidentiality.

11. Justification for questions of a sensitive nature:

There are no questions of a sensitive nature.

12. Burden estimate:

Reporting and Disclosure Requirements:

The OCC estimates that 2,300 national banks will have 230,000 transactions in special flood hazard areas requiring these collections of information. The OCC also estimates that it will take a national bank approximately 15 minutes to execute each of the four required notices.

2,300 national banks @ 100 responses	=	230,000 responses
230,000 responses @ .25 hour	=	57,500 burden hours

Recordkeeping Requirements:

The OCC believes that the required recordkeeping is simple (place a copy of the completed Standard Flood Hazard Determination Form and the receipts from the borrower and loan servicer of the Notice to Borrower in the loan file) and is usual and customary business practice (all loan documents are retained). The OCC estimates recordkeeping burden at 30 minutes per bank.

2,300 national banks @ .5 hour	=	1,150 burden hours
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Total estimated burden: 2,300 respondents; 230,000 responses; 58,650 burden hours

The estimated cost of the reporting and disclosure hour burden is as follows:

Clerical:	99% @ 58,650 @ \$20	=	\$1,161,270
Middle mgmt:	01% @ 58,650 @ \$40	=	<u>\$ 23,460</u>
Total:			\$1,184,730

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Total:		\$1,184,730

13. Estimate of annualized costs 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 costs to the government:

None.

15. Changes in burden:

Former:	2,300 respondents;	230,000 responses;	58,650 hours
New:	2,300 respondents;	230,000 responses;	58,650 hours
Difference:	0 respondents;	0 responses;	0 hours

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

No publication for statistical use is contemplated.

17. Display of expiration date:

Not applicable.

18. Exceptions to certification statement:

Not applicable.

B. Collections of Information Employing Statistical Methods.

Not applicable.