

SUPPORTING STATEMENT
**Application for Issuance of Subordinated Debt Securities/
Notice of Issuance of Subordinated Debt or
Mandatorily Redeemable Preferred Stock**
OMB Control No. 1550-0030

A. **JUSTIFICATION**

1. **Circumstances and Need**

12 C.F.R. § 563.81 enables savings associations to use certain issuances of subordinated debt securities and mandatorily redeemable preferred stock to increase regulatory capital. The securities can serve as an interim solution to allow an institution time to increase its tangible capital through retained earnings. The source of funds for this interim solution is the public or private investors, who have an interest in investing in the thrift industry.

OTS application Form 1344, “Application for the Issuance of Subordinated Debt Securities,” provides important information to the OTS on the financial circumstances regarding the proposed issuance. The information includes: (1) the present financial condition of the thrift institution; (2) the marketing of the securities to “insiders” and the public; (3) the fees, commission, and other expenses associated with the issuance of the securities; and (4) the contractual debt service on subordinated debt or dividend payments for preferred stock.

In accordance with 12 C.F.R. § 516.5, OTS Form 1561, “Notice for Issuance of Subordinated Debt or Mandatorily Redeemable Preferred Stock,” provides important information for the savings associations that qualify for expedited treatment in the processing of their applications. To qualify for expedited treatment, the savings association must meet or exceed its capital requirements, have a CAMEL rating or either “1” or “2” with “1” being the highest rating and “5” the lowest, the CRA (Community Reinvestment Act) rating must be “satisfactory” or better, compliance rating of “1” or “2”, and the institution has not been notified that it is in troubled condition.

There are no third party requirements for this submission.

2. **Use of Information Collected**

The information collection provides the OTS with necessary details to determine if the proposed issuance of securities will benefit the savings association or create unreasonable risks. If the information required were not collected, the OTS would not be able to properly evaluate whether the request to issue securities conforms to the applicable statutory and regulatory requirements.

3. **Use of Technology to Reduce Burden**

The use of automated systems by federal savings associations may be somewhat helpful in obtaining the necessary information to respond to this information collection. This is true largely with respect to gaining access to the forms electronically and printing them out. In this regard, the use of improved technology has been accounted for in the total burden imposed on federal savings associations and is neither significant nor measurable. However, because the named forms are largely narrative and require that numerous documents and other information be researched, prepared, or obtained from various sources, and then submitted as attachments to the forms, the use of improved technology would not significantly reduce the burden associated with this information collection.

4. Efforts to Identify Duplication

This information collection is not duplicative within the meaning of the PRA and OMB regulations. Information that is similar to or that corresponds to information that could serve OTS's purpose and need in this information collection is not being collected by any other means or for any other purpose; nor is this information otherwise available in the detail necessary to satisfy the purpose and need for which this collection of information is undertaken. Each transaction is unique, thus the association submits documentation peculiar to each such transaction.

5. Minimizing the Burden on Small Firms

The regulatory provisions do not distinguish a respondent by the size of its assets. OTS is responsible for evaluating each request regardless of the applicant's size.

6. Consequences of Less Frequent Collection

Inasmuch as the application information is submitted for each request and each application request is unique, it would be impossible for OTS to evaluate the proposed merger if the required information is not submitted each time a transaction is proposed.

7. Special Circumstances

This collection meets the guidelines in 5 CFR Part 1320.

8. Consultation with Persons Outside OTS

The notice of intent to renew this information collection was published on August 12, 2008 (73 FR 156). OTS received no comments in response to the notice.

9. Payment of Respondents

No payments or gifts are made in connection with this information collection.

10. Confidentiality

Certain information is not available to the public including, among other things: (1) information exempt from disclosure by statute or executive order; (2) information contained in or related to examination, operating, or condition reports prepared by agency use; and (3) privileged information related to the business, personal, or financial affairs of any person that is furnished in confidence. The application to be used for the collection indicates that the information will be confidential as it relates to the business, personal, and financial affairs of an individual.

11. Information of a Sensitive Nature

No questions of a sensitive nature are required by the information collection.

12. Annual Hour Burden Estimate

The total annual hour burden to the respondent is estimated at 7: One hour for each of the seven notices ($1 \times 7 = 7$).

13. Estimate of Annual Cost

Notices:	7	x	1 hour	=	7
Hourly charge:					<u>\$ 50</u>
					\$ 350
Application fee for notices:	\$1,700	x	7	=	<u>11,900</u>
Total					<u>\$12,250</u>

14. Estimate of Annual Cost to Government

Based upon the application fees totaling \$12,250, which are determined by the burden to the government, the average annual cost to the government is \$1,750 per response ($\$12,250/7$).

15. Reason for Change in Burden

OTS is citing a reduction in the burden from 63 hours to 7 hours. OTS does not expect to receive any Applications for the Issuance of Subordinated Debt Securities. Although the application should continue to be approved under this OMB Control Number. If OTS does

process any applications, an 83-C will be submitted to OMB which will adjust the burden by 60 hours per application.

16. Publication

Not applicable.

17. Expiration Date

OTS is not seeking approval to not display the expiration date for OMB approval of the information collection.

18. Exceptions

There are no exceptions to the certification on OMB Form 83-I.

B. **COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS**

Not applicable.