



## "COMMUNITY SUPPORT REQUIREMENTS"

OMB CONTROL NUMBER 2590-0005

### SUPPORTING STATEMENT

#### A. JUSTIFICATION

##### **1. Circumstances Necessitating the Collection of Information**

Section 10(g)(1) of the Federal Home Loan Bank Act (Bank Act) requires the Director of the Federal Housing Finance Agency (FHFA) to promulgate regulations establishing standards of community investment or service that Federal Home Loan Bank (Bank) member institutions must meet in order to maintain access to long-term Bank advances.<sup>1</sup> The Bank Act requires that, in establishing these community support requirements for Bank members, FHFA take into account factors such as the member's performance under the Community Reinvestment Act of 1977 (CRA)<sup>2</sup> and record of lending to first-time homebuyers.<sup>3</sup> FHFA's community support regulation, which establishes standards and review criteria for determining compliance with section 10(g) of the Bank Act, is set forth at 12 CFR part 1290.

Under existing part 1290, FHFA collects information biennially on Bank members' compliance with the community support standards directly from those members using a Community Support Statement Form (Form 60). Existing part 1290 also permits Bank members whose access to long-term advances has been restricted for failure to meet the community support standards to apply directly to FHFA to remove the restriction under certain circumstances. OMB has cleared both the information collection contained in Form 60 and that contained in part 1290 relating to requests for removal of restrictions on access to long-term advances, and has assigned them OMB control no. 2590-0005 (expires October 31, 2012).

FHFA has issued a notice of proposed rulemaking that would amend part 1290 to transfer from FHFA to the Banks the responsibility for collecting information on members' compliance with the community support standards, and for processing and acting on members' requests to remove restrictions on access to long-term advances. Under the proposed rule, the use of Form 60 would be discontinued, although the Banks would be free to adopt a similar form or to use other appropriate means for the collection of information on compliance with the community support standards. As described in Item 4 below, the scope of compliance information to be collected will be slightly narrower under the proposed rule because members will no longer be required to

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<sup>1</sup> See 12 U.S.C. 1430(g)(1). For purposes of the community support requirements, long-term advances are secured loans made by a Bank to a member with an original term to maturity greater than one year. See 12 CFR 1290.1.

<sup>2</sup> 12 U.S.C. 2901 *et seq.*

<sup>3</sup> See 12 U.S.C. 1430(g)(2).



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report their current CRA evaluation ratings (the Banks will obtain this information from other sources). However, this will not reduce the burden on members to a measurable extent.

**2. Use of Data**

The Banks would use the information collection contained in the proposed rule to determine whether their members satisfy the statutory and regulatory community support requirements that must be met in order to maintain continued access to long-term advances, and to determine whether restrictions on a member's access to long-term advances may be removed in certain circumstances.

While, under the proposed rule, FHFA would no longer be directly involved in determining members' community support compliance, FHFA would review an annual report prepared by each Bank identifying the results of the Bank's community support compliance determinations for that year, including whether any members are subject to long-term advances restrictions. This would assist the agency in exercising its general supervisory and regulatory authority to oversee the Banks' community support program policies and procedures and compliance with the community support regulation.<sup>4</sup>

**3. Use of Information Technology**

Members, currently, have the option of submitting the Form 60 electronically by e-mail, although there currently is no mechanism for providing an electronic signature or for electronic submission of the Form. Forms can also be mailed, faxed, or scanned copies sent via e-mail. The proposed rule would give each Bank authority to prescribe its own community support program information collection procedures. It is expected that each Bank will work closely with its members to develop an efficient system that incorporates electronic communications and other time-saving information technology to the extent practicable.

**4. Efforts to Identify Duplication**

Under existing part 1290, Bank members that are subject to the CRA are required to report to FHFA their most recent federal CRA performance rating and CRA evaluation date. Under the proposed rule, each Bank would be required to verify its member's most recent CRA rating with that member's appropriate Federal banking agency or from information made publicly available by the Federal Financial Institutions Examination Council (FFIEC). Because this CRA information is readily available from these other sources, Bank members would no longer be required to supply it as part of the information collection.

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<sup>4</sup> See 12 U.S.C. 4511, 4513.



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Information regarding a Bank member's activities in support of first-time homebuyers is not readily available from other sources and, therefore, it would continue to be a subject of the information collection under the proposed rule.

**5. Impact on Small Entities**

The information collection in the proposed rule would not have a significant economic impact on a substantial number of small entities. The proposed rule would implement statutory requirements and would be applicable to all Bank members regardless of their size.

**6. Consequences of Less Frequent Collection and Obstacles to Burden Reduction**

If FHFA did not require the collection of this information, the Banks would be unable to determine whether their members are in compliance with the first-time homebuyer standard. The proposed rule would require each Bank member to supply the first-time homebuyer information at least once every two years. If this information were to be collected less frequently than biennially, the Banks would be unable to determine effectively whether their members are maintaining ongoing compliance with the statutory and regulatory community support standards.

**7. Circumstances Requiring Special Information Collection**

There are no special circumstances that would require FHFA to conduct the information collection in a manner inconsistent with the guidelines provided in Item 7.

**8. Solicitation of Comments on Information Collection**

In accordance with the requirements of 5 CFR 1320.8(d)(3), FHFA has issued a notice of proposed rulemaking which includes a request for public comments regarding this information collection. *See* 76 FR 70069 (November 10, 2011). The 90-day comment period closes on February 8, 2012.

**9. Provision of Payments to Respondents**

FHFA has not made any decision to provide any payment or gift to respondents, or for remuneration of contractors or grantees.



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**10. Assurance of Confidentiality**

FHFA has not provided, and is not required to provide, any assurance of confidentiality with respect to the information to be collected.

**11. Questions of Sensitive Nature**

There are no questions of a sensitive nature in this information collection.

**12. Estimated Burden of Information Collection**

Because information related to the first-time homebuyer standard will likely be collected biennially, FHFA expects that approximately one-half of the estimated 8,200 institutions that are Bank members to which the proposed rule will apply will respond every year. Therefore, FHFA has based the calculations for responses related to the first-time homebuyer standard upon an annual average of 4,100 respondents. FHFA has based the calculations for Bank members' preparation of requests to remove restrictions on access to long-term advances upon an annual average of 15 respondents, based upon the typical number of such requests received under the current rule.

FHFA has estimated the cost and hour burden with respect to determining the Bank members' compliance with the first-time homebuyer standard. The estimated aggregate total annualized cost and hour burden for the information collection is as follows:

	<u>FHFA</u>	<u>Members</u>	<b>TOTAL</b>
Cost:	\$1,680	\$209,865	\$211,545
Hours:	12	4,115	4,127

The method FHFA used to estimate the annualized cost and hour burden is explained in detail below.

**A. FHFA's Annualized Burden**

The estimated annualized cost to FHFA of the information collection is \$1,680. This amount includes salaries, benefits and other costs associated with reviewing the Banks' annual reports. The estimated annualized hour burden is 12 hours. This cost burden is lower than the cost burden to FHFA under the current information collection because the proposed rule would transfer the responsibility for collecting and processing the information on Bank members' compliance with the community support standards from FHFA to the Banks. Under the proposed rule, FHFA's role would generally be limited to answering any questions from Bank



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staff on the community support requirements and reviewing an annual report from each Bank on the results of its community support compliance determinations for that year.

The estimates of FHFA's cost burden are based on the following calculation:

Senior program analyst reviews the annual report submitted by each Bank to ensure results for compliance determinations and restrictions on access to long-term advances are consistent with statutory and regulatory requirements.

- ◆ Review/processing time: 2 hours per report
- ◆ Total reports: 12
- ◆ Total hours: 24.0
- ◆ Hourly rate: \$70 (includes salary, benefits and overhead)
- ◆ Total cost: \$1,680

GRAND TOTALS: Cost: \$1,680    Hours: 12

**B. Respondents' Annualized Burden**

The estimated annualized cost to respondent Bank members of the information collection is \$209,865. This amount includes salaries, benefits, and other costs associated with preparation, processing and review of first-time homebuyer support statements and requests to remove restrictions on access to long-term advances. The estimated annualized hour burden is 4,115 hours.

Based on input from the Banks' community investment officers at presentations related to the proposed rule, FHFA believes that under the proposed rule, the scope of first-time homebuyer information to be collected, and the collection process employed by the Banks, will be similar to those under existing part 1290. FHFA also believes that the Banks will elect to follow FHFA's current process and procedures for removing members from restriction on access to long-term advances. Accordingly, FHFA estimates that Bank members' cost and hour burdens arising from the information collection under the proposed rule will be the same as those under existing part 1290. These estimates are based on the following calculations:

Analyst prepares and processes the first-time homebuyer support statement.

- ◆ Preparation/processing time: .75 hours
- ◆ Total statements: 4,100
- ◆ Total hours: 3,075
- ◆ Hourly rate: \$42 (includes salary, benefits and overhead)
- ◆ Total cost: \$129,150



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An appropriate senior officer reviews and certifies the accuracy of the first-time homebuyer support statement.

- ◆ Review time: .25 hours
- ◆ Total statements: 4,100
- ◆ Total hours: 1,025
- ◆ Hourly rate: \$78 (includes salary, benefits, and overhead)
- ◆ Total cost: \$79,950

Analyst prepares and processes a request to remove a restriction on access to long-term advances.

- ◆ Preparation/processing time: .75 hours
- ◆ Total requests: 15
- ◆ Total hours: 11.25
- ◆ Hourly rate: \$42 (includes salary, benefits and overhead)
- ◆ Total cost: \$472.50

An appropriate senior officer reviews the request to remove a restriction on access to long-term advances.

- ◆ Review time: .25 hours
- ◆ Total requests: 15
- ◆ Total hours: 3.75
- ◆ Hourly rate: \$78 (includes salary, benefits and overhead)
- ◆ Total cost: \$292.50

GRAND TOTALS: Cost: \$209,865 Hours: 4,115

**13. Estimated Total Annualized Cost Burden to Respondents**

The FHFA has not identified any costs to respondents other than the costs discussed in detail under Item 12.B. above.

**14. Estimated Cost to the Federal Government**

The estimated annualized cost burden to the Federal government is \$1,680. The method used to determine these costs is discussed in detail under Item 12.A. above.



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**15. Reasons for Change in Burden**

The cost burden to the Federal government reflected in Items 12.A. and 14 above is lower than the cost burden to the Federal government in the most recent OMB Supporting Statement for the information collection under existing part 1290. This is a result of the fact that the proposed rule would transfer the responsibility for collecting and processing the information on Bank members' compliance with the community support standards from FHFA to the Banks. Under the proposed rule, FHFA's role would generally be limited to reviewing an annual report from each Bank on the results of its community support compliance determinations for that year.

**16. Plans for Tabulation, Statistical Analysis and Publication**

FHFA will not publish the results of this information collection.

**17. If Seeking Approval to Not Display the Expiration Date for OMB Approval of the Information Collection, Explain the Reasons Why Display Would Be Inappropriate**

FHFA plans to display the expiration date for OMB approval.

**18. Explain Each Exception to the Topics of the Certification Statement Identified in "Certification for Paperwork Reduction Act Submission."**

There are no exceptions to the certification statement identified in Item 18.

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

This information collection does not employ statistical methods.