

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), and the Federal Deposit Insurance Corporation (FDIC) (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 prepare 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 have 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 CRA performance 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 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 current CRA regulations ease regulatory burden on small institutions by adjusting the small institution asset-size threshold amount based on the annual percentage change in the Consumer Price Index. For 2014, the small institution threshold is \$1.202 billion.

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. The smallest institutions, those with assets below \$300 million, are evaluated under separate performance standards that focus on the lending and lending-related activities of those institutions based on information that examiners prepare. The Agencies will assess investment and service performance of those institutions at the institution's option. This streamlined examination treatment greatly reduces burden on small institutions. Also, the CRA regulations provide a simplified lending test and a flexible community development test for small institutions with an asset size between \$300 million and \$1.202 billion in 2014.

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 April 25, 2014, the OCC published a notice in the Federal Register soliciting comments for 60 days on this information collection (79 FR 23058). One comment was received. The commenter made a number of recommendations related to the OCC's supervisory uses of data in connection with the CRA regulation's service test.¹ However, the commenter's recommendations do not relate to the CRA regulation's data collection requirements, which are the subject of this continuing information collection.

In general, the commenter stated that using more data in the service test would make bank evaluations easier for banks and examiners. The commenter recommended that bank examiners consider additional information for the service test that would assist with the evaluation of: the distribution of bank branches and products; opening and closing of bank branches; accessibility and use of alternative financial services; and the impact of banking services on customers and communities. The commenter also suggested that, in addition to a qualitative evaluation, that examiners use quantitative data to evaluate a bank's programs and determine if, and to what degree, a bank's services benefit the community.

The OCC is carefully considering the recommendations made by the commenter in connection with the possible issuance of future CRA-related guidance addressing the service test.

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.

11. Justification for questions of a sensitive nature:

Not applicable. No personally identifiable information is collected.

12. Burden estimate:

¹ The service test evaluates a bank or Federal savings association's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of a bank's systems for delivering retail banking services and the extent and innovativeness of its community development services. 12 CFR 25.24 and 195.24.

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.

Cite and Burden Type	Requirements in 12 CFR 25	No. of Respondents	Avg. hours per Response	Estimated Burden Hours
12 CFR 25.25(b) 12 CFR 195.25(b) Optional reporting	<u>Request for designation as a wholesale or limited purpose bank or savings association</u> – Banks or savings associations 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	6	4	24
12 CFR 25.27 12 CFR 195.27 Optional reporting	<u>Strategic plan</u> – Applies to banks and savings associations electing to submit strategic plans to the OCC for approval.	10	275	2,750
12 CFR 25.42(a) 12 CFR 195.42(a) Recordkeeping	<u>Small business/small farm loan register</u> – Large banks and savings associations 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 	189	219	41,391
12 CFR 25.42(b)(1) 12 CFR 195.42(a) Reporting	<u>Small business/small farm loan data</u> – Large banks and savings associations 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 	189	8	1,512
12 CFR 25.42(b)(2) 12 CFR 195.42(b)(2) Reporting	<u>Community development loan data</u> – Large banks and savings associations shall report annually in machine readable form the aggregate number and aggregate amount of community development loans originated or purchased.	189	13	2,457
12 CFR 25.42(b)(3) 12 CFR 195.42(b)(3) Reporting, if applicable	<u>Home mortgage loans</u> – Large banks and savings associations , 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 or	189	253	47,817

Cite and Burden Type	Requirements in 12 CFR 25	No. of Respondents	Avg. hours per Response	Estimated Burden Hours
	savings association has a home/branch office.			
12 CFR 25.42(c) 12 CFR 195.42(c) Optional recordkeeping	<u>Optional consumer loan data</u> – All banks and savings associations may collect and maintain in machine readable form data for consumer loans originated or purchased by a bank or savings association 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 or savings association considered in making its credit decision 	85	326	27,710
12 CFR 25.42(c)(2) 12 CFR 195.42(c)(2) Optional recordkeeping	<u>Other loan data</u> – At its option, all banks and saving associations may include other information concerning its lending performance, including additional loan distribution data.	25	25	625
12 CFR 25.42(d) 12 CFR 195.42(d) Optional reporting	<u>Data on affiliate lending</u> – Banks and savings associations 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 or savings association would have collected, maintained, and reported pursuant to §25.42(a), (b), and (c) had the loans been originated or purchased by the bank or savings association. For home mortgage loans, the bank or savings association shall also be prepared to identify the home mortgage loans reported under HMDA.	9	38	342
12.CFR 25.42(e) 12.CFR 195.42(e) Optional reporting	<u>Data on lending by a consortium or a third party</u> – Banks and savings associations 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 or savings association would have reported under §25.42(b)(2) had the loans been originated or purchased by the bank or savings association.	31	17	527
12 CFR 25.42(g) 12 CFR 195.42(g) Reporting	<u>Assessment area data</u> – Large banks and savings associations shall collect and report to the OCC a list for each assessment area showing the geographies within the area ² .	189	2	378

² 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

Cite and Burden Type	Requirements in 12 CFR 25	No. of Respondents	Avg. hours per Response	Estimated Burden Hours
<p>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)</p> <p>12 CFR 195.41(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)</p> <p>Disclosure</p>	<p><i>Content and availability of public file – All banks and savings associations</i> 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 or savings association’s most recent CRA performance evaluation A list of the bank’s or savings association’s branches A list of the branches opened or closed A list of services offered A map of each assessment area <p>All banks and savings associations, 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 and savings associations, if applicable, shall include in its public file (for prior two years):</p> <ul style="list-style-type: none"> Consumer loan data. CRA Disclosure Statements HMDA Disclosure Statements <p>Additional information by small banks and savings associations:</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) and § 195.43(b)(1) 	<p>1,504 small 189 large 1,693 total</p>	<p>10</p>	<p>15,040 1,890 Total 16,930</p>
<p>Total Parts 25 and 195</p>				<p>Total Burden: 142,463</p>

Cost of Hour Burden:

$$142,463 \times \$ 92 = \$ 13,106,596$$

To estimate compensation costs associated with the collection, we used \$92 per hour, which is based on May 2012 Bureau of Labor Statistics wage data for the average of the 90th percentile for seven occupations (i.e., accountants and auditors, compliance officers, financial analysts, lawyers, management occupations, software developers, and statisticians) plus an additional 33 percent to

merely place it in their public file.

cover adjustments and private sector benefits. According to Bureau of Labor Statistics employer costs of employee benefits data, thirty percent represents the average private sector costs of employee benefits.

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 2013 annual cost for processing all CRA data reported by national banks and Federal savings associations was estimated to be \$ 330,653.

15. Changes in burden:

Former burden:
2,194 respondents; 177,045 burden hours

New burden:
1,693 respondents; 142,463 burden hours

Difference:
- 501 respondents; - 34,582 burden hours

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.