



"COMMUNITY SUPPORT REQUIREMENTS"

OMB NUMBER 2590-0005

REQUEST FOR APPROVAL OF A NON-SUBSTANTIVE REVISION

Request for Approval:

The Federal Housing Finance Agency (FHFA) is seeking OMB approval for a revision to its Community Support Statement Form (Form 60), which OMB re-approved in 2013 as part of its approval of FHFA's "Community Support Requirements" information collection (OMB control no. 2590-0005; expiration date 02/29/2016). The agency seeks to revise the first sentence of the second paragraph of the Form 60 instructions, which currently reads "Part I (CRA Factor): Members subject to CRA may complete this section," to read "Part I (CRA Factor): Members subject to CRA shall complete this section." (Emphasis added to highlight revision). Although this revision appears at first glance to change a reporting option into a reporting requirement, for the reasons discussed below, FHFA believes that it constitutes a non-substantive change that can be approved by OMB under the Paperwork Reduction Act (PRA) without FHFA first undertaking a full PRA clearance process, and requests OMB approval of the revision as a non-substantive change.

Basis for Assertion that Revision is Non-Substantive:

Section 10(g)(1) of the Federal Home Loan Bank Act (Bank Act) requires the Director of 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.¹ The Bank Act requires that, in establishing these community support requirements for Bank members, FHFA take into account, among other factors, the member's performance under the Community Reinvestment Act of 1977 (CRA).² 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.

Part 1290 requires most Bank members to maintain a CRA rating of "Outstanding" or "Satisfactory" in order to meet the community support requirement and imposes sanctions upon members whose CRA rating falls short of those ratings.³ To monitor compliance with this requirement, the regulation specifies that FHFA shall select a member for community support review approximately once every two years and that each member selected for community support review must submit to FHFA a completed Form 60 executed by an appropriate senior officer, as well as any other necessary supporting documentation.⁴ The regulation further specifies that, in reviewing Form 60, FHFA shall take into account a member's performance under the CRA if the member is subject to the requirements of the CRA,⁵ and that FHFA will

¹ See 12 U.S.C. § 1430(g)(1).

² 12 U.S.C. § 2901 *et seq.*

³ See 12 CFR § 1290.5.

⁴ See 12 CFR § 1290.2(a), (c).

⁵ See 12 CFR § 1290.3(a).



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deem the form to be complete only when it has obtained all of the information required by part 1290.⁶

In sum, part 1290 requires each member that is selected for review to report its CRA rating on Form 60. In its supporting statement submitted to OMB in conjunction with the most recent clearance of the Community Support Requirements collection, FHFA stated in response to question #1 that “[i]n section I of the form, a member that is subject to the CRA must record its current CRA rating and the date of its most recent CRA evaluation.” (Emphasis added). Thus, FHFA believes that OMB approved the collection with the understanding that reporting the CRA rating on the form was not optional, but required, and that the requested change constitutes a non-substantive correction under the PRA that may be approved by OMB without requiring FHFA to undertake the full clearance process.

⁶ See 12 CFR § 1290.4(a).