

**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 Parts 22 and 172 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. Sections 22.6 and 172.6 apply to loans secured by buildings or mobile homes, regardless of location.

2. Use of the information:

Notices and Disclosure Requirements:

12 CFR 22.6, 172.6 -- Required Use of Standard Flood Hazard Determination Form -- A national bank or Federal savings association must use the Standard Flood Hazard Determination Form developed by FEMA and must maintain a copy of the completed form for the period the national bank or Federal savings association owns the loan.

12 CFR 22.7, 172.7 -- Notice of Forced Placement of Flood Insurance -- If the borrower has not obtained required flood insurance or has purchased inadequate coverage, a national bank, Federal savings association, 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 national bank, Federal savings association, or its servicer will purchase insurance on the borrower's behalf and may charge the borrower for the premiums and fees.

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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).

12 CFR 22.9, 172.9 -- Notice to Borrower and Servicer -- A national bank or Federal savings association 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 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 decisions regarding the collateral used to secure the loan. The notice is used by the loan servicer to carry out its servicing responsibilities.

12 CFR 22.10, 172.10 -- Notices to FEMA -- A national bank or Federal savings association 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 (notice of servicer) and must notify the Director of FEMA of any change in the loan servicer (notice of servicer transfer) within 60 days of such change. FEMA uses the notice of servicer and notice of servicer transfer 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), 172.6(b) -- Retention of Standard Flood Hazard Determination Form -- A national bank or Federal savings association must retain a copy of the completed Standard Flood Hazard Determination Form for the period of time the national bank or Federal savings association owns the loan. The OCC uses this record to verify regulatory compliance.

12 CFR 22.9 and 172.9, paragraphs (d) and (e) -- Record of Borrower and Servicer Receipt of Notice and Alternate Method of Notice -- A national bank or Federal savings association must retain a record of the receipt of the borrower notice by the borrower and the loan servicer for the period of time the national bank or Federal savings association owns the loan. In lieu of providing the borrower notice, a national bank or Federal savings association may obtain a satisfactory written assurance from a seller or lessor that, within a reasonable time before completion of the sale or lease transaction, the seller or lessor has provided such notice to the purchaser or lessee. The national bank or Federal savings association must retain a record of the written assurance from the seller or lessor for the period of time the national bank or Federal savings association owns the loan. The OCC uses these records to verify regulatory compliance.

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

The notice of servicer and the notice of servicer transfer sent to FEMA may be provided electronically, if such transmission is acceptable to FEMA or FEMA's designee. The standard flood hazard determination form may be used in an electronic manner, and 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 national bank or Federal savings association 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 June 20, 2014, the OCC published a notice in the *Federal Register* (79 FR 35413) 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:

Not applicable. No personally identifiable information is collected.

12. Burden estimate:

The OCC estimates that there are 871 HMDA national bank reporters who make an average of 3,591 home loans and 517 HMDA savings association reporters who make an average of 1,438 loans. There are an additional 716 national banks and 147 Federal savings associations that are

not HMDA reporters making on average 20 home loans. Thus, there are 1,587 national banks and 664 Federal savings associations that make on average 1,980 and 1,124 home loans, respectively. Of these loans, 20% (396 and 225 loans, respectively) are estimated to be in a Special Flood Hazard Area and require a notice to FEMA or its designee of the identity of the servicer. Of that 20%, 50% (198 and 112 loans, respectively) are estimated to require an additional notice to FEMA or its designee of a change in the identity of the servicer. Of the 20% of loans that are estimated to be in a Special Flood Hazard Area, 20% (79 and 45 loans, respectively) are estimated to have a lapse or underinsured situation that would require a notice to the borrower. Of the 20% that had a lapse or inadequate coverage, 25% (20 and 11 loans, respectively) would require the national bank or Federal savings association to issue a force placed policy.

Two percent of the home loans made will require the national bank or Federal savings association to provide notice to the borrower of the mandatory purchase requirement due to a remapping issue ((40 and 22 loans, respectively). Of that 2%, 50% would require the national bank or Federal savings association to issue a force placed policy (20 and 11 loans, respectively).

#### Recordkeeping:

Retention of Standard FEMA Form:

HMDA national banks:

871 respondents x 3,591 annual frequency x 2.5 minutes = 130,323 hours

HMDA Federal savings associations:

517 respondents x 1,438 annual frequency x 2.5 minutes = 30,977 hours

Non-HMDA national banks:

716 x 20 annual frequency x 2.5 minutes = 597 hours

Non-HMDA Federal savings associations:

147 respondents x 20 annual frequency x 2.5 minutes = 123 hours

Total Recordkeeping Burden: 162,020 hours.

#### Disclosures:

Notice of Special Flood Hazards to Borrowers and Servicers:

1,587 national banks x 396 responses x 5 minutes per response = 52,371 hours

664 Federal savings associations x 225 responses x 5 minutes per response = 12,450 hours

Notice to FEMA of Servicer:

1,587 national banks x 396 responses x 5 minutes per response = 52,371 hours

664 Federal savings associations x 225 responses x 5 minutes per response = 12,450 hours

Notice to FEMA of change of Servicer:

1,587 national banks x 198 responses x 5 minutes per response = 26,186 hours

664 Federal savings associations x 112 responses x 5 minutes per response = 6,197 hours

Notice to Borrowers of Lapsed Mandated Flood Insurance:

1,587 national banks x 79 responses x 5 minutes per response = 10,448 hours

664 Federal savings associations x 45 responses x 5 minutes per response = 2,490 hours

Purchase Flood Insurance on the Borrower's Behalf:

1,587 national banks x 20 responses x 15 minutes per response = 7,935 hours

664 Federal savings associations x 11 responses x 15 minutes per response = 1,826 hours

Notice to Borrowers of Mandated Flood Insurance due to Remapping:

1,587 national banks x 40 responses x 5 minutes per response = 5,290 hours

664 Federal savings associations x 22 responses x 5 minutes per response = 1,217 hours

Purchase Flood Insurance on the Borrower's Behalf due to Remapping:

1,587 national banks x 20 responses x 15 minutes per response = 7,935 hours

664 Federal savings associations x 11 responses x 15 minutes per response = 1,826 hours

Total Disclosure Burden: 200,992

Total Burden: 363,012 hours

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

Clerical:	99% @ 200,992 @ \$20	\$ 3,979,641.60
Middle mgmt:	01% @ 200,992 @ \$40	\$ 80,396.80
Total:		\$ 4,060,038.40

The estimated cost of the recordkeeping hour burden is as follows:

Clerical:	99% @ 162,020 @ \$20	\$ 3,207,996.00
Middle mgmt:	01% @ 162,020 @ \$40	\$ 64,808.00
Total:		\$ 3,272,804.00

Total Cost: \$ 7,332,842.40

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:

There is no change in burden.

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.