

**Supporting Statement for
Real Estate Lending and Appraisals
OMB Control No. 1557-0190**

A. Justification.

1. *Circumstances that make the collection necessary:*

Twelve CFR parts 34 and 160 contain a number of reporting, recordkeeping, and disclosure requirements. Twelve CFR part 34, subpart B (Adjustable-Rate Mortgages (ARM)), subpart E (Other Real Estate Owned (OREO)) and part 160 (Lending and Investment) contain reporting requirements. Twelve CFR part 34, subpart C (Appraisal Requirements), subpart D (Real Estate Lending Standards), and parts 160 and 164 (Appraisals) contain recordkeeping requirements. Twelve CFR 190.4(h) contains a disclosure requirement concerning Federally-related residential manufactured housing loans.

Twelve CFR part 34, subpart B, § 34.22(a) requires that for ARM loans, the loan documentation must specify an index or combination of indices to which changes in the interest rate will be linked. Sections 34.22(b) and 160.35(d)(3) set forth the notice procedures to be used when seeking to use an alternative index.

Twelve CFR 34.44 and 164.4 provide minimum standards for the performance of real estate appraisals, including the requirement that appraisals be in writing and contain sufficient information and analysis to support the institution's decision to engage in the transaction.

Twelve CFR 34.62, 160.101, and the related appendices require each institution to adopt and maintain written policies that establish appropriate limits and standards for extensions of credit that are secured by liens on or interests in real estate, or that are made for the purpose of financing permanent improvements to real estate. The institution's board of directors must approve the real estate lending policies at least annually.

Twelve CFR 34.84 requires that, after holding any real estate acquired for future bank expansion for one year, a national bank must state, by resolution or other official action, its plans for the use of the property and make the resolution or other action available for inspection by examiners. Sections 34.85 and 160.172 require national banks and Federal savings associations to develop prudent real estate collateral evaluation policies to monitor the value of each parcel of OREO in a manner consistent with prudent banking practice. Section 34.86 requires national banks to notify the appropriate supervisory office at least 30 days before making advances under a development or improvement plan for OREO if the total investment in the property will exceed 10 percent of the bank's capital and surplus.

Twelve CFR 190.4(h) requires that for Federally-related residential manufactured

housing loans, a creditor must send a debtor a notice of default at least 30 days prior to any repossession, foreclosure, or acceleration of payments.

2. *Use of the information:*

These regulations are required by statute and are used by the OCC to ensure the safe and sound operation of financial institutions.

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

Institutions may adopt any existing technology relevant to the information, as long as the information is retrievable for use in examinations.

4. *Efforts to identify duplication:*

These are requirements that are unique to each institution. The information is not compiled for any other reason, and no duplicate information exists.

5. *If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.*

The rule applies to all OCC-supervised institutions regardless of asset size. There are no alternatives that would result in further lowering the burden on small institutions, while still accomplishing the purpose of the rule.

6. *Consequences to the Federal program if the collection were conducted less frequently:*

The collection of information is the minimum necessary to comply with Federal law. Less frequent collection would make the program unworkable and would not be in the public interest.

7. *Special circumstances necessitating collection inconsistent with 5 CFR part 1320:*

This collection is conducted in a manner consistent with the guidelines in 5 CFR part 1320.

8. *Efforts to consult with persons outside the agency:*

The OCC published a *Federal Register* notice regarding this renewal on June 24, 2016 (81 FR 41373). No comments were received.

9. *Payment to respondents:*

None.

10. Any assurance of confidentiality:

The information will be kept private to the extent permitted by law.

11. Justification for questions of a sensitive nature:

There are no questions of a sensitive nature.

12. Burden estimate:

Requirement	Citations	Number of Respondents	Burden Hours Per Respondent	Total Number Of Hours Annually
<i>Recordkeeping:</i> ARM loan documentation must specify indices to which changes in the interest rate will be linked	§34.22(a)	164 NBs	6	984
<i>Reporting:</i> Procedure to be followed when seeking to use an alternative index	§34.22(b); §160.35(d)(3)	164 NBs 85 FSAs	6	1,494
<i>Recordkeeping:</i> Appraisals must be written and contain sufficient information and analysis to support engaging in the transaction	§34.44 §164.4	1,023 NBs 390 FSAs	35	49,455
<i>Recordkeeping:</i> Written policies (reviewed annually) for extensions of credit secured by or used to improve real estate	§34.62; appendix A to subpart D to part 34; §160.101; appendix A to § 160.101	1,023 NBs 390 FSAs	30	42,390
<i>Recordkeeping:</i> Resolution stating plans for use of property	§34.84	6 NBs	5	30
<i>Recordkeeping:</i> Real estate evaluation policy to monitor OREO	§34.85 §160.172	6 NBs 3 FSAs	5	45
<i>Reporting:</i> Prior notification of making advances under development or improvement plan for OREO	§34.86	6 NBs	5	30
<i>Disclosure:</i> Default notice to debtor at least 30 days before repossession, foreclosure, or acceleration of payments	§190.4(h)	42 FSAs	2	84
TOTALS		1,023 NBs 390 FSAs		94,512

Cost of Hour Burden

94,512 x \$101 = \$9,545,712

To estimate average hourly wages we reviewed data from May 2015 for wages (by industry and occupation) from the U.S. Bureau of Labor Statistics (BLS) for depository credit intermediation (NAICS 522100). To estimate compensation costs associated with the rule, we use \$101 per hour, which is based on the average of the 90th percentile for seven occupations adjusted for inflation (2 percent), plus an additional 30 percent to cover private sector benefits. Thirty percent represents the average private sector costs of employee benefits.

13. *Estimates of annualized costs to respondents:*

Not applicable.

14. *Estimate of annualized costs to the government:*

Not applicable.

15. *Changes in Burden:*

Former Burden: 120,475 Burden Hours

New Burden: 94,512 Burden Hours

Change: -25,963 Burden Hours

The decrease in the burden is due to the decrease in the number of regulated entities.

16. *Information regarding collections whose results are planned to be published for statistical use:*

Not applicable.

17. *Display of expiration date:*

Not applicable.

18. *Exceptions to certification statement:*

None.

B. Collections of Information Employing Statistical Methods

Not applicable.