



"COMMUNITY SUPPORT REQUIREMENTS"

OMB NUMBER 2590-0005

SUPPORTING STATEMENT

A. JUSTIFICATION

1. Circumstances Necessitating the Collection of Information

The Federal Home Loan Bank System consists of eleven regional Federal Home Loan Banks (Banks) and the Office of Finance (a joint office of the Banks that issues and services their debt securities). The Banks are wholesale financial institutions, organized under authority of the Federal Home Loan Bank Act (Bank Act) to serve the public interest by enhancing the availability of residential housing finance and community lending credit through their member institutions and, to a limited extent, through eligible non-member "housing associates."¹ Each Bank is structured as a regional cooperative that is owned and controlled by member financial institutions located within its district, which are also its primary customers.

Section 10(g)(1) of the Bank Act requires the Director of the Federal Housing Finance Agency (FHFA or the Agency) to promulgate regulations establishing standards of community investment or service that Bank member institutions must meet in order to maintain access to long-term advances (*i.e.*, loans with a maturity of one year or greater made by a Bank to a member).² Section 10(g)(2) of 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)³ and record of lending to first-time homebuyers.⁴ 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 that each Bank member submit to FHFA biennially a completed Community Support Statement (Form 060), which contains several short questions the answers to which are used by FHFA to assess the responding member's compliance with the community support standards.⁵ Previously, this was accomplished by requiring approximately one-eighth of all members to submit a completed Form in each calendar quarter of a two-year review cycle.

¹ Certain non-member entities are permitted by statute to engage in limited business activities with a Bank. *See* 12 U.S.C. § 1430b. FHFA's regulations refer to these entities as "housing associates." *See* 12 CFR part 1264.

² *See* 12 U.S.C. 1430(g)(1).

³ 12 U.S.C. 2901 *et seq.*

⁴ *See* 12 U.S.C. 1430(g)(2).

⁵ *See* 12 CFR 1290.2(b).

Under new streamlined procedures that FHFA is in the process of implementing, all members subject to community support review will be required to submit a completed Form 060 at approximately the same time every two years.⁶

FHFA has revised Form 060 to reflect the new streamlined procedures. These revisions reduce slightly the number of questions on the Form and modify the formatting so that members will be able to complete and submit the Form online. In substance, the revised Form 060 is materially the same as the existing Form. In part I of the Form, a member that is subject to the CRA must record its most recent CRA rating and the year of that rating. Part II of the Form addresses a member's efforts to assist first-time homebuyers. A member may either record the number and dollar amount of mortgage loans made to first-time homebuyers in the previous or current calendar year (part II.A), or indicate the types of programs or activities it has undertaken to assist first-time homebuyers by checking selections from a list (part II.B), or do both. If a member has received a CRA rating of "Outstanding," it need not complete part II of the Form. A copy of the revised Form and related instructions appear as an attachment to this Supporting Statement.

Part 1290 also establishes the circumstances under which FHFA will restrict a member's access to long-term Bank advances and to Affordable Housing Program (AHP), Community Investment Program (CIP) and Community Investment Cash Advance (CICA) programs for failure to meet the community support requirements.⁷ It permits Bank members whose access to long-term advances has been restricted to apply directly to FHFA to remove the restriction if certain criteria are met.⁸

2. Use of Data

FHFA uses the information collection contained in FHFA Form 060 and part 1290 to determine whether Bank members satisfy the statutory and regulatory community support requirements and to ensure that, as required by statute and regulation, only Bank members that meet those requirements maintain continued access to long-term Bank advances and to AHP, CIP, and CICA programs.

3. Use of Information Technology

Bank members may either complete and submit Form 060 electronically online or complete the form offline and submit it electronically by e-mail or by fax. Going forward, the Form 060 instructions will no longer provide for submission by mail, although FHFA will accept any mailed Forms that are received.

4. Efforts to Identify Duplication

This information collection avoids duplication by utilizing CRA ratings as a method of determining fulfillment of the community support requirements by those members that are subject to the CRA.

⁶ See 12 CFR 1290.2(a).

⁷ See 12 CFR 1290.5(b), (e).

⁸ See 12 CFR 1290.5(d).

5. Impact on Small Entities

This information collection does not have a significant economic impact on a substantial number of small entities. The regulation implements statutory requirements and is applicable to all Bank members regardless of their size.

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

If FHFA did not collect the information at least biennially, it would be unable to determine effectively whether Bank members satisfy the community support standards they are required by statute to meet in order to maintain access to long-term Bank advances and to AHP, CIP, and CICA programs.

7. Circumstances Requiring Special Information Collection

No special circumstances require FHFA to conduct the information collection in a manner inconsistent with the guidelines provided in this Item 7.

8. Solicitation of Comments on Information Collection

In accordance with the requirements of 5 CFR 1320.8(d), FHFA published a request for public comments regarding this information collection in the *Federal Register* on September 23, 2016.⁹ The 60 day comment period closed on November 22, 2016. FHFA received no comments.

9. Provision of Payments to Respondents

No payment or gift will be provided to any respondent.

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 the information collection.

⁹ See 81 FR 65645 (Sept. 23, 2016).

12. Estimated Burden of Information Collection on Respondents

FHFA is seeking OMB clearance for two ICs under this control number: (I) Community Support Statements (Form 060); and (II) Requests to Remove a Restriction on Access to Long-Term Advances. The total estimated annualized hour burden imposed upon respondents by these two information collections is 2,287 hours. The estimated annualized cost associated with this burden estimate is \$221,839, which includes salaries, benefits, and overhead costs. These estimates are based on the following calculations:

I. Community Support Statements (Form 060)

The estimated annualized hour burden associated with the preparation, review, and submission of Form 060 is 2,275 hours. The estimated annualized cost associated with this burden estimate is \$220,675.

Every Bank member subject to community support review must submit to FHFA a completed Form 060 every two years. Previously, this was accomplished by requiring approximately one-eighth of all members to submit a completed Form in each calendar quarter of a two-year review cycle. Under new streamlined procedures that FHFA is in the process of implementing, all members subject to community support review will now be required to submit a completed Form 060 at approximately the same time every two years.¹⁰ Accordingly, FHFA based its estimates for the annual burdens arising from the preparation, review, and submission of these Forms on an annual average of 3,500 respondents—*i.e.*, half of the approximately 7,000 total Bank members required to submit a Community Support Statement biennially. FHFA then calculated the burden and cost estimates as follows:

Senior executive completes and submits Form 060:

- Time per Form: 0.65 hours
- Total Forms: 3,500
- Total hours: 2,275
- Hourly rate: \$97 (includes salary, benefits and overhead)
- Total cost: \$220,675

II. Request to Remove a Restriction on Access to Long-Term Advances

The estimated annualized hour burden associated with the preparation, review, and submission of requests to remove a restriction on access to long-term advances is 12 hours. The estimated annualized cost associated with this burden estimate is \$1,164.

FHFA based its estimates for the annual burdens arising from the preparation, review, and submission of these requests upon an annual average of 16 respondents, which is in line with historical experience.

¹⁰ 12 CFR 1290.2(a).

Senior executive prepares and submits a request to remove a restriction on access to long-term advances:

- Time per request: 0.75 hours
- Total requests: 16
- Total hours: 12
- Hourly rate: \$97 (includes salary, benefits and overhead)
- Total cost: \$1,164

13. Estimated Total Annualized Cost Burden to Respondents

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

14. Estimated Cost to the Federal Government

The estimated annual hour burden to FHFA associated with the two information collections for which it is seeking clearance under this control number is 354 hours. The estimated annualized cost associated with this burden estimate is \$33,630, which includes salaries, benefits, and overhead costs. These estimates are based on the following calculations:

I. Community Support Statements

The estimated annualized hour burden to FHFA in connection with assisting members with the completion of their Community Support Statements and with the review and processing of the completed forms is 350 hours. The estimated annualized cost associated with this burden estimate is \$33,250. These estimates are based on the following calculations:

Senior policy analyst responds to questions from Bank staff and Bank members concerning community support requirements, and reviews and processes each completed Form 060 to ensure compliance with statutory and regulatory requirements and notifies Bank staff of results:

- Time per Form: 0.1 hours
- Total statements: 3,500
- Total hours: 350
- Hourly rate: \$95 (includes salary, benefits and overhead)
- Total cost: \$33,250

II. Request to Remove a Restriction on Access to Long-Term Advances

The estimated annualized hour burden to FHFA in connection with reviewing and processing member requests to remove restrictions on access to long-term advances and to AHP, CIP, and CICA programs is 4 hours. The estimated annualized cost associated with this burden estimate is \$380. These estimates are based on the following calculations:

Senior policy analyst reviews and processes each request to remove a restriction on access to long-term advances and notifies Bank staff of the result.

- Time per request: 0.25 hours
- Total requests: 16
- Total hours: 4
- Hourly rate: \$95 (includes salary, benefits and overhead)
- Total cost: \$380

15. Reasons for Change in Burden

FHFA has decreased its estimate as to the total annualized hour burden imposed upon respondents by this information collection from 3,914 hours in its 2012 submission to 2,287 hours in this submission. This reduced estimate is due primarily to two factors. First, the Agency has reduced from 3,900 to 3,500 its estimate of the average number of Community Support Statements filed annually to reflect the fact that there are fewer Bank member institutions now than there were in 2012. In addition, FHFA has reduced its estimate of the average time it takes a member's employee to prepare and transmit the Form 060 from 1 hour to 0.65 hours. This reduced estimate is based on the fact that most members that are required to complete either part II.A or II.B of the form (either because they have a CRA rating of less than "Outstanding" or are not subject to the CRA) now opt to complete part II.B (which requires the respondent only to "check as many [statements regarding activities supporting first-time homebuyers] as applicable") in lieu of the relatively more time-consuming part II.A (which requires that respondents research and calculate the specific number and dollar amount of loans made to first-time homebuyers).

Despite reducing the overall estimate as to burden hours, FHFA's estimate as to the total costs associated with that burden has risen from \$199,614 in its 2012 submission to \$221,839 in this submission. FHFA's past burden estimates for this information collection were premised on the assumption that a lower level employee of a member would complete a paper-based Form 060, which would then be quickly reviewed and signed by a senior executive. However, the Agency has now moved to a primarily electronic submission system, under which Forms that are filed electronically must be completed and submitted by a senior executive of the member institution. This has resulted in a higher average hourly cost estimate.

FHFA has also decreased its estimates as to the annualized hour burden and associated costs imposed upon the Agency itself—from 1,491 hours and \$58,407 in its 2012 submission to 354 hours and \$33,630 in this submission. These reduced estimates are due to several factors. Most important among these is that a complete transition to electronic filing and processing will reduce the average time that FHFA staff must devote to receiving, reviewing, and responding to each Form from 20 minutes to an estimated 6 minutes.

In addition, in the past, approximately one-eighth of all Bank members were required to submit a completed Form 060 in each calendar quarter of each two-year review cycle. This required FHFA staff to select the specific members that would be required to submit the Forms each quarter and to notify those members of their selection. Going forward, all Bank members will be

required to file their Forms within the same submission period every two years, thereby relieving FHFA staff of the need to select and notify specific members each quarter. Finally, because the imposition and removal of restrictions on members' access to long-term advances will now typically occur automatically (when certain objective criteria are met), as opposed to being a subjective decision made on a case-by-case basis, in most cases FHFA staff will no longer need to spend time preparing, and FHFA management will no longer need to spend time reviewing and approving, recommendations regarding those actions.

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 this Item.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

The information collection does not employ statistical methods.