

SUPPORTING STATEMENT
REAL ESTATE LENDING STANDARDS
(OMB No. 3064-0112)

INTRODUCTION

The Federal Deposit Insurance Corporation (FDIC) is requesting a three-year renewal of the Real Estate Lending Standards (OMB No. 3064-0112), which consists of recordkeeping requirements contained in the FDIC Rules and Regulations at 12 CFR 365. The current clearance for the collection expires on April 30, 2017. There is no change in the method or substance of the collection.

A. JUSTIFICATION

1. Circumstances and Need

Section 1828(o) of the Federal Deposit Insurance Act requires each federal banking agency to adopt uniform regulations prescribing real estate lending standards. Part 365 of the FDIC Rules and Regulations, which implements section 1828(o), requires institutions to have real estate lending policies that include (a) limits and standards consistent with safe and sound banking practices; (b) prudent underwriting standards, including loan-to-value ratio (LTV) limits that are clear and measurable; (c) loan administration policies; (d) documentation, approval and reporting requirements; and (e) a requirement for annual review and approval by the board of directors. The rule also establishes supervisory LTV limits and other underwriting considerations in the form of guidelines. Since banks generally have written policies on real estate lending, the additional burden imposed by this regulation is limited to modifications to existing policies necessary to bring those policies into compliance with the regulation and the development of a system to report loans in excess of the guidelines to the board of directors.

2. Use of the Information Collected

Institutions will use the lending policies to guide their lending operations in a manner that is consistent with safe and sound banking practices and appropriate to their size and nature and scope of their operations. These policies should address certain lending considerations, including loan-to-value limits, loan administration policies, portfolio diversification standards, and documentation, approval, and reporting requirements. The agencies will use this information in their examination of institutions to ensure that the real estate loans made by those institutions are consistent with existing statutory and regulatory criteria, with principles of safety and soundness, and with relevant policy guidance.

3. Use of Technology to Reduce Burden

Banks may use any technology they wish in order to lessen the burden of meeting this recordkeeping requirement.

4. Effort to Identify Duplication

To the extent that banks already have policies in place that comply with the requirements of the proposal, no new policies would be necessary. Generally, this requirement would be a supplement to a bank's existing loan policies. Institutions that have comprehensive policies that satisfy the requirements of this collection have no additional burden other than periodic reports to the board. Many institutions have made modifications to their existing policies to cover the requirements of the regulation.

5. Minimizing the Burden on Small Entities

Small banks generally have a more narrow range of real estate loan products and a less complex loan portfolio and loan approval process. The loan policy required is commensurate with the type and complexity of the loans granted by the institutions.

6. Consequence of Less Frequent Collections

This is a recordkeeping requirement.

7. Special Circumstances

None.

8. Consultation with Persons Outside the FDIC

A notice seeking public comment for a 60-day period was published in the *Federal Register* on November 28, 2016 (81 FR 85562). No comments were received.

9. Payment or Gift to Respondents

None.

10. Confidentiality

This collection imposes no special confidentiality requirements.

11. Information of a Sensitive Nature

This collection contains no sensitive information.

12. Estimates of Hour Burden and Annualized Cost

Hour Burden

Number of Recordkeepers	3,878
Number of Responses per Record keeper	1
Total Annual Responses	3,878
Average hours per Record keeper	20
Total Annual Burden Hours	77,560

Annualized Cost

FDIC: None

Banks: Number of Recordkeepers	3,878
Total Annual Responses	3,878
Hours per Record keeper	20
Total Annual Burden Hours:	77,560

Cost: 77,560 hours X \$37.27 per hour¹ = \$2,890,661.20

2017 Summary of Annual Burden and Internal Cost (3064-0112)						
	Type of Burden	Estimated Number of Respondents	Estimated Number of Responses	Estimated Time per Response	Frequency of Response	Total Annual Estimated Burden
Real Estate Lending Standards	Recordkeeping	3,878	1	20	On Occasion	77,560
TOTAL HOURLY BURDEN						77,560
TOTAL INTERNAL COST	\$37.27	/HR				\$2,890,661.20

13. Capital, Start-Up and Maintenance Costs

None.

14. Estimated Annual Cost to the Federal Government

None.

¹ Estimated total hourly compensation for Information and Record Clerks, All Other, in the Depository Credit Intermediation sector as of December 2016. The estimate includes the May 2015 75th percentile hourly wage rate reported by the BLS, National Industry-Specific Occupational Employment and Wage Estimates. This wage rate has been adjusted for changes in the CPI-U between May 2015 and December 2016 (2.5 percent) and grossed up by 35.20 percent to account for non-monetary compensation as reported by the December 2016 Employer Costs for Employee Compensation Data.

15. Reason for Change in Burden

There is no change in the method or substance of the collection. The 9,940 reduction in burden hours is a result of economic fluctuation. The number of FDIC-supervised institutions has decreased while the hours per response remain the same.

16. Publication

The information is not published.

17. Display of Expiration Date

Not applicable.

18. Exceptions to Certification

None.

B. STATISTICAL METHODS

Not applicable.