Federal Deposit Insurance Corporation
Community Reinvestment Act
OMB Control Number 3064-0092

INTRODUCTION

The Federal Deposit Insurance Corporation (FDIC) requests OMB approval to extend, without change, the above-captioned collection of information. The current clearance for the collections expires on July 31, 2017.

A. JUSTIFICATION

1. Circumstances That Make the Collection Necessary

The Community Reinvestment Act regulation (CRA) requires the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), and the Consumer Financial Protection Bureau (CFPB) (collectively, the Agencies) to assess the record of banks and thrifts in helping meet the credit needs of their entire communities, including low- and moderate-income neighborhoods, consistent with safe and sound operations; and to take this record into account in evaluating applications for mergers, branches, and certain other corporate activities. Further, the CRA statute requires the Agencies to issue regulations to carry out its purposes.

The Agencies must provide written CRA evaluations of the institutions they supervise. The public portion of each written evaluation must present the agency's conclusions with respect to the CRA performance standards identified in its regulations; include the facts and data supporting those conclusions; and must contain the institution's CRA rating and the basis for that rating. The conclusions with respect to each performance standard (together with supporting facts and data) must be presented separately for each metropolitan area in which the institution maintains one or more domestic branches. If the institution has interstate branches, the appropriate agency must prepare separate written evaluations for each state in which the institution has a branch. This state-specific evaluation must present information separately for each metropolitan area where the institution has a branch and for the rest of the non-metropolitan area of the state, if the institution has a branch in the non-metropolitan area. If the institution has a branch in a multistate metropolitan area, the agency must prepare a separate written evaluation of the institution's record of performance in that multistate metropolitan area.

2. Use of the Information Collected

The Agencies use the information to assess each institution's record of helping to meet the credit needs of its entire community. The Agencies use the data to support their conclusions regarding an institution's record of performance, in assigning a rating, and in preparing the written public evaluations that the statute requires when an institution is examined. Additionally, judgments based on these data are used in evaluating an institution's applications for mergers, branches, and other corporate activities. The public uses this information to assess independently the institution's CRA performance and to participate meaningfully in the application process.

The Agencies use the data to examine, assess, and assign a rating to an institution's CRA performance and to prepare the public section of the written CRA performance evaluation. The collection emphasizes performance over paperwork and eliminates unnecessary documentation of policies, procedures, and CRA contacts. By stating clearly what they use to assess CRA performance, the Agencies have eliminated incentives for an institution to maintain voluminous records solely for the purpose of demonstrating compliance to the regulator. In addition, where feasible, the Agencies permit institutions to use data that are already available (for example, Home Mortgage Disclosure Act (HMDA)) data. Finally, the collection provides evaluation criteria that vary appropriately with the size and business strategy of the institution.

3. <u>Consideration of the Use of Improved Information Technology</u>

The Agencies use information technology to reduce compliance burden on institutions and decrease costs to both the institutions and the Agencies. To help alleviate the burden and expense of geocoding loans, the Federal Financial Institutions Examination Council (FFIEC) provides a geocoding utility free-of-charge on its web site. This program enables an institution to enter the address of a given property and quickly obtain the information needed to geocode the property. This site also provides demographic data about each property; it has been used extensively by financial institutions and the public.

The Agencies also developed Windows®-based software that helps institutions comply with the requirements to maintain CRA loan data in a machine-readable form. The Agencies provide this software annually at no charge to institutions. Additionally, an institution may use any other information technology available that meets the Agencies' specifications. The Agency-provided software includes encrypted Internet transmission capability (for year-end reporting) and on-line help guides that provide information about data-reporting requirements. The Agencies also provide an automated assistance line and a fully automated fax-retrieval system that delivers a wide array of materials, usually within 30 minutes of a request.

In addition, the Agencies provide access via the Internet to reports that institutions and examiners can use to analyze performance to date throughout the calendar year. The Agencies also make the information available to the public and institutions using the FFIEC web site. By using information technology, the Agencies are able to facilitate the data collection and reduce compliance costs.

4. <u>Efforts to Identify Duplication</u>

The information pertains to institution-specific activities and lines of business in particular geographic areas. It supports institution-specific requests for approval of strategic plans and certain applications. As described in Item 1 above, where the Agencies already collect information useful for CRA purposes, they have relied on the existing collection, rather than requiring that the information be provided in a different format. In addition, the agencies work with the Consumer Financial Protection Bureau to limit duplication as the Bureau implements a new Section 1094 of the Dodd-Frank Act, which specifies additional and different small business data collection requirements.

5. Methods Used to Minimize Burden on Small Entities

Small institutions are subject to only very modest burden under the CRA regulations. Most of the reporting and recordkeeping requirements in the regulations do not apply to small institutions. A small institution must comply only with the requirement to maintain a public file and make disclosures of that file upon request.

The Agencies have also designed the collection to minimize burden on small institutions in other ways. Small institutions are evaluated under different performance standards than large institutions. The Agencies generally assign CRA ratings to institutions that are not small based on the institution's performance under the lending, investment, and service tests, the community development test, or an approved strategic plan, as applicable. Small institutions are evaluated under separate performance standards that focus on the lending and lending-related activities of small institutions based on information that examiners prepare. The Agencies will assess investment and service performance of a small institution, at the institution's option. This streamlined examination treatment greatly reduces burden on small institutions. Because examiners, and not the banks, prepare the information on which evaluations are based, the community development performance criterion (for banks with assets between approximately $250 million and $1 billion) applicable to small banks does not impose any burden on small banks.

6. Consequences of Less Frequent Collections

The regulations require an annual report from large institutions by March 1 of the prior calendar year's data. Reporting less frequently would lessen the utility of the data for both the public and the Agencies. A comparison, at least annually, of an institution's performance with that of other lenders in similar situations is a critical component in the CRA evaluative process. The Agencies expect, however, that institutions will add data to their in-house files at regular intervals throughout the year, making entries as usual and customary and in conformance with generally accepted accounting principles (GAAP).

7. Special Circumstances

None.

8. Consultation with Persons Outside the FDIC

On May 17, 2017, the FDIC published a *Federal Register* notice seeking comment for a 60-day period on renewal of the information collection (82 FR 22665). No comments were received.

9. Payment or Gift to Respondents

None.

10. Assurance of Confidentiality

No assurance of confidentiality is made. A primary purpose for collection of CRA data is disclosure to the public. Data are aggregated to limit concerns about disclosure of any individual transaction.

11. Justification for Questions of a Sensitive Nature

There are no questions of a sensitive nature.

12. Burden Estimate

Source and Type of Burden	Description	Estimated Number of Respondents	Average Estimated Time per Response	Total Estimated Annual Burden
345.25(b) *Reporting*	*Request for designation as a wholesale or limited purpose bank* – Banks requesting this designation shall file a request in writing with the FDIC at least 3 months prior to the proposed effective date of the designation	1	4	4
345.27 *Reporting*	*Strategic plan* – Applies to banks electing to submit strategic plans to the FDIC for approval.	7	400	2,800
345.42(b)(1) *Reporting*	*Small business/small farm loan data* – **Large banks** shall and **Small banks** may report annually in machine readable form the aggregate number and amount of certain loans.	393*	8	3,144
345.42(b)(2) *Reporting*	*Community development loan data* – **Large banks** shall and **Small banks** may report annually, in machine readable form, the aggregate number and aggregate amount of community development loans originated or purchased.	393*	13	5,109
345.42(b)(3) *Reporting*	*Home mortgage loans* – **Large banks**, if subject to reporting under part 203 (Home Mortgage Disclosure (HMDA)), shall, and **Small banks** may report the location of each home mortgage loan application, origination, or purchase outside the MSA in which the bank has a home/branch office.	393*	253	99,429
345.42(d) *Reporting*	*Data on affiliate lending* – Banks that elect to have the	200	38	7,600

* The number of Large Banks reporting decreased from 253 to 243. However, 150 Small Banks are *voluntarily* collecting and reporting data, and the number of respondents has been adjusted to reflect this.

	FDIC consider loans by an affiliate, for purposes of the lending or community development test or an approved strategic plan, shall collect, maintain and report the data that the bank would have collected, maintained, and reported pursuant to §345.42(a), (b), and (c) had the loans been originated or purchased by the bank. For home mortgage loans, the bank shall also be prepared to identify the home mortgage loans reported under HMDA.			
345.42(e) *Reporting*	<u>*Data on lending by a consortium or a third party*</u> – Banks that elect to have the FDIC consider community development loans by a consortium or a third party, for purposes of the lending or community development tests or an approved strategic plan, shall report for those loans the data that the bank would have reported under §345.42(b)(2) had the loans been originated or purchased by the bank.	75	17	1,275
345.42(g) *Reporting*	<u>*Assessment area data*</u> –**Large banks** shall and **Small banks** may collect and report to the FDIC a list for each assessment area showing the geographies within the area.	393*	2	786
TOTAL REPORTING				**120,147**
345.42(a) *Recordkeeping*	<u>*Small business/small farm loan register*</u> – **Large banks** shall and **Small banks** may collect and maintain certain date in machine-readable form.	393*	219	86,067
345.42(c) *Recordkeeping*	<u>*Optional consumer loan data*</u> – **All banks** may collect and maintain in machine readable form certain data for consumer loans originated or purchased by a bank for consideration under the lending test.	75	326	24,450
345.42(c)(2) *Recordkeeping*	<u>*Other loan data*</u> –**All banks** optionally may provide other information concerning their lending performance, including additional loan distribution	100	25	2,500

	data.			
Total Recordkeeping				**113,017**
345.41(a) 345.43(a); (a)(1); (a)(2); (a)(3); (a)(4); (a)(5); (a)(6); (a)(7); (b)(1); (b)(2); (b)(3); (b)(4); (b)(5); (c); (d) *Disclosure*	*Content and availability of public file* – **All banks** shall maintain a public file that contains certain required information.	3,971	10	39,710
Total Disclosure				**39,710**
Total Estimated Annual Burden				**272,874 hours**

The FDIC estimates the cost of the annualized cost to respondents of the hour burden, broken down by wage rate categories, as follows:

Clerical:	60% x 272,874 hours @ $27.40 =	$ 4,486,049
Managerial/technical:	38% x 272,874 hours @ $68.50 =	$ 7,102,910
Senior mgmt/professional:	2% x 272,874 hours @ $137.00 =	$ 747,675
Total:		$ 12,336,634

13. Estimate of the total annualized cost to respondents (excluding the cost of any hour burden shown in Items 12 and 14, and excluding purchases of equipment and services made prior to October 1, 1995, or as part of usual and customary business practice)

All costs of this collection to the respondents are presented in Item 12. No capital outlay is required. This is an extension, without change, of an existing requirement. The Agencies provide suitable software for almost every computer application. However, some institutions may choose, for reasons they deem appropriate to their businesses, to develop their own software or purchase other software from commercial firms.

14. Estimate of annualized cost to the Federal government

The Federal Reserve Board, on behalf of the FFIEC agencies, processes all CRA data used by the institutions to collect their reportable data. The agencies contribute to pay the costs. The FDIC's 2017allocation is $464,083.

15. Changes in burden

There is no change in the method or substance of the collection. The overall increase in burden hours is a result of an increase in the number of Small Banks electing to voluntarily respond in certain categories. The increase is also, in small part, due to an adjustment in the FDIC's estimate of the time required to submit strategic plan applications from 275 hours per respondent to 400 hours per respondent.

16. Information regarding collections whose results are planned to be published

The agencies prepare – for each MSA and the non-MSA portion of each state – an annual aggregate report and disclosure statement of the reported data. The FFIEC makes these aggregate statements and the individual institutions' disclosure statements available to the public on the FFIEC web site.

17. Display of expiration date

No exceptions are requested.

18. Exceptions to certification statement

None.

B. Collections of information employing statistical methods

None.