

## SUPPORTING STATEMENT

### PURCHASER ELIGIBILITY CERTIFICATION

OMB (3064-0135)

#### INTRODUCTION

The FDIC is requesting approval from the OMB to extend, without change, a currently approved information collection (OMB Control No. 3064-0135). The Purchaser Eligibility Certification information collection implements the statutory requirement that assets held by the FDIC in the course of liquidating any federally insured institution not be sold to persons who contributed to the demise of an insured institution in specified ways. The information collection expires on October 31, 2018.

#### A. JUSTIFICATION

##### 1. Circumstances that make the collection necessary:

The FDIC acquires assets as the result of being appointed conservator or receiver of failing financial institutions and generally sells these assets through competitive sales. The FDIC is statutorily required to promulgate a regulation prohibiting the sale of assets held by insured depository institutions that have been placed under the conservatorship or receivership of the FDIC to certain individuals or entities that profited or engaged in wrongdoing at the expense of those failed institutions, or seriously mismanaged those failed institutions. The statute specifies classes of persons prohibited from purchasing assets of failed institutions from the FDIC. (FDI Act Section 11(p), 12 U.S.C. 1821(p)). The statutory requirement is implemented by a regulation, "Restrictions on the Purchase of Assets from the FDIC," (published at 65 Federal Register 14816, March 20, 2000) and a Purchaser Eligibility Certification that the FDIC uses to determine a person's eligibility to purchase assets. The two forms used to facilitate this collection are: (1) the Contact Information Form and (2) the Pre-Qualification Request form. The Contact Information form is designed to allow for the quick identification of the types of assets a prospective bidder is interested in and to facilitate communication with the appropriate bidder representative. The Pre-Qualification Request form is intended to determine which prospective bidders are qualified to bid on particular assets offered by the FDIC (e.g., securities, mortgage servicing portfolios, shared national credits, interests in structured transactions, credit card receivables) for which no further qualification criteria must be met and to ensure that prospective bidders understand the terms and conditions of asset sales.

##### 2. Use of the Information

The FDIC uses the information collected to ensure compliance with the statutory requirements before each sale of assets.

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

In most cases, applicants are required to provide only their signature. In some additional cases, they are required to attach information. The need for the signatures makes electronic submissions impracticable.

4. Effort to Identify Duplication:

There is no duplication. The information is not available elsewhere.

5. Methods used to minimize burden if the collection has a significant impact on a substantial number of small entities:

In most cases respondents are required to provide only their signature. In some cases, respondents may be required to attach information. Self-certification is the least burdensome way to meet the statutory mandate.

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

These are occasional collections. As a result of the statute's prohibition, each purchase of assets from the FDIC requires a determination that the prospective bidder is qualified.

7. Special circumstances necessitating collection inconsistent with 5 CFR 1320.5(d)(2):

There are no special circumstances. This information collection is conducted in accordance with the guidelines in 5 CFR 1320.5(d)(2).

8. Efforts to consult with persons outside the agency:

A 60-day Federal Register notice seeking public comment was published on August 20, 2018 (83 FR 42119). No comments were received.

9. Payment or Gift to Respondents

No payments or gifts will be provided to respondents.

10. Any assurance of confidentiality:

Information collected will be kept private to the extent allowed by law. No assurance of confidentiality is made.

11. Justification for questions of a sensitive nature:

The information collection does not request information of a sensitive nature.

12. Estimate of Hour Burden Including Annualized Hourly Costs:

Summary of Annual Burden					
	Type of Burden	Estimated Number of Respondents	Estimated Time per Response	Frequency of Response	Total Estimated Annual Burden Hours
<b>Purchaser Eligibility Certification (Form No. 7300-06)</b>	Reporting	600	30 minutes	On Occasion	300 hours

The FDIC estimates that 90 percent of the labor allocation involved in submitting and preparing a Purchaser Eligibility Certification (PEC) can be classified as managerial and professional labor. The remaining 10 percent can be classified as executive labor. The FDIC does not collect information regarding the division of labor among the respondents, and is basing this estimate on own observations and experiences answering questions about the PEC form.

The wage estimate is based on the May 2017 75th percentile hourly wage rate reported by the Bureau of Labor Statistics (BLS) National Industry-Specific Occupational Employment and Wage Estimates for Purchasing Managers and Top Executives in the depository credit intermediation sector weighting the reported wages for the two occupation categories and the estimated allocation of labor.

Occupations, Depository Credit Intermediation Sector	Hourly Wage	Weights	Weighted Hourly Wage
Purchasing Managers	\$76.33	90%	\$68.70
Top Executives	\$87.95	10%	\$8.80
<b>Weighted Average</b>			<b>\$77.50</b>

The hourly wage rates reported by BLS do not include non-monetary compensation. According to the March 2018 Employer Cost of Employee Compensation data, compensation rates for health and other benefits are 35.5 percent of total compensation. We have adjusted the hourly wage rates reported by BLS based on changes in the Consumer Price Index for Urban Consumers (CPI-U) from May 2017 to March 2018 (2.28%) to account for inflation and ensure that the wage information is contemporaneous with the non-monetary compensation statistic. We then grossed up the inflation adjusted wages to include non-monetary compensation. After calculating these adjustments, the estimated total hourly compensation rates are as follows:

Occupations,	Hourly	Weights	Weighted
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<b>Depository Credit Intermediation Sector</b>	<b>Wage</b>		<b>Hourly Wage</b>
Purchasing Managers	\$121.03	90%	\$108.93
Top Executives	\$139.46	10%	\$13.95
<b>Weighted Average</b>			<b>\$122.88</b>

Using the estimate of the total burden hours and the adjusted hourly labor costs, the total annual cost burden of this information collection is calculated as: 600 PECs / year \* 0.5 hours / PEC \* \$122.88 / hour = \$36,864.00 per year.

13. Estimate of Start-up Costs to Respondents:

None.

14. Estimate of annualized costs to the government:

None.

15. Analysis of change in burden:

There has been no change in the method or substance of this information collection. The burden estimate is unchanged.

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

The results of this collection will not be published for statistical use.

17. Display of Expiration Date

The expiration date will be displayed on the form.

18. Exceptions to Certification Statement

None.

B. STATISTICAL METHODS

Not applicable.

