SUPPORTING STATEMENT
RECORDKEEPING AND DISCLOSURE REQUIREMENTS
IN CONNECTION WITH REGULATION B
(OMB No. 3064-0085)

INTRODUCTION

The Federal Deposit Insurance Corporation ("FDIC") is requesting OMB approval to extend, without change, the information collection entitled "Recordkeeping and Disclosure Requirements in Connection With Regulation B," previously approved under Control Number 3064-0085. The current clearance for the collection expires on September 30, 2017.

A. Justification

1. Circumstances and Need

The requirements for this collection are contained in Regulation B – Equal Credit Opportunity, 12 C.F.R. Part 1002, issued by the Consumer Financial Protection Bureau ("CFPB") pursuant to title VII (Equal Credit Opportunity Act) of the Consumer Credit Protection Act, as amended (15 U.S.C. 1601 *et seq.*). Section 1691(c) of the Equal Credit Opportunity Act designates the FDIC as having enforcement responsibilities in the case of state nonmember banks and state savings associations.

2. Use of Information Collected

ECOA and Regulation B prohibit discrimination in any aspect of a credit transaction because of race, color, religion, national origin, sex, martial status, age, receipt of public assistance, or having exercised a right under the Consumer Credit Protection Act. To aid in implementation of this prohibition, the statute and regulation also subject creditors to various mandatory disclosure requirements, notification provisions, credit history reporting, monitoring rules, and recordkeeping requirements. These requirements are triggered by specific events and disclosures must be provided within the time periods established by ECOA and the regulation. There are no mandatory reporting forms.

3. Use of Technology to Reduce Burden

Institutions may provide electronic disclosures consistent with the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. §§ 7001 et seq., and § 1002.16 of Regulation B.

4. Efforts to Identify Duplication

No other federal law mandates the Regulation B disclosures, although the Fair Credit Reporting Act requires related, but different, disclosures on some of the same circumstances. Some states may have similar requirements.

5. Minimizing the Burden on Small Businesses

ECOA and Regulation B apply to all types of creditors. Regulation B provides model forms to ease the compliance burden. Creditors that receive fewer than 150 consumer credit applications per year may provide oral notice (instead of written) to applicants about the action taken on their application.

6. Consequence of Less Frequent Collections

Regulation B information collection requirements are triggered by certain events. Disclosures must be provided to applicants within prescribed times and records must be retained for specified periods.

7. Special Circumstances

None.

8. Consultation with Persons Outside the FDIC

A 60-day Federal Register notice seeking comment was published on July 6, 2017, (82 FR 31325). No comments were received.

9. Payment or Gift to Respondents

None.

10. Confidentiality

Information is kept private to the extent allowed by law.
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11. Questions of a Sensitive Nature

Applicants for mortgage loans are asked to voluntarily provide information on age, sex, race, ethnicity, and marital status so that regulators may monitor for compliance with the law. It is at the option of the applicant to provide this information and if they do not the creditor must, to the extent possible, note the ethnicity, race and sex of the applicant(s) by visual observation or surname.

12. Estimates of Annualized Hour Burden and Associated Cost

Source and Burden	No. of Respondents	Annual Frequency	Total Responses	Average Time per Response (Minutes)	Estimated Annual Burden (Hours)[1]
Reporting Burden					
Credit Reporting History (1002.10)	3,711	1,333	4,946,763	1	82,466
Demographic Information Collected for Monitoring Purposes (1002.13(a)&(b))	3,711	279	1,035,369	1	17,256
Total Reporting					**99,702**
Disclosure Burden					
Disclosure for Optional Self-Test (1002.5)	50	1	50	2	2
Notification (1002.9)	3,711	333	1,235,763	3	61,788
Appraisal Report (1002.14(a)(1))	3,711	279	1,035,369	3	51,768
Disclosure of Information Collected for Monitoring Purposes(1002.13(c))	3,711	279	1,035,369	1	17,256
Notice of Right to Appraisal (1002.14(a)(2))	3,711	279	1,035,369	1	17,256
Total Disclosure					**148,071**
Recordkeeping Burden					
Record Retention (Applications, Actions, Pre-Screened Solicitations)(1002.12)	3,711	1,333	4,946,763	3	247,338
Record Retention (Self-Testing)(1002.12)(b)(6)	50	1	50	3	3
Total Recordkeeping					**247,341**
Total Burden Hours					**495,113**

Changes to Data and Assumptions: The burden estimates shown above include several changes from the estimates the FDIC previously provided for this information collection. The FDIC currently supervises 3,711 insured financial institutions, a decrease of 687 from the 4,398 reported in 2014. Whereas the FDIC previously estimated that 25 percent (1,100) of its supervised institutions would conduct optional self-testing, the FDIC's experience shows that very few banks actually conduct these optional tests; our revised estimate of 50 banks is likely high. The FDIC has also updated the annual frequencies for each burden. The FDIC believes the prior estimate of 850 approved loans per year, on average, was too low and has increased its estimate to 1,000. The agency has also corrected the frequencies for sections 1002.5 and 1002.12 which are completed only once per year. As a conservative estimate, FDIC assumes that the

1 The average hours per response shown in the table are rounded, but the Estimated Annual Burden is calculated using the full decimal and then is rounded to the nearest hour.

denial rate for residential real estate loans applications for covered institutions is 14 percent. According to Home Mortgage Disclosure Act (HMDA) data from 2015, the denial rate for conventional home-purchase loan applications was 10.8 percent, and the denial rate for nonconventional home-purchase loans was 13.9 percent.[2] Call report data from June 30, 2017 shows that approximately 24 percent of total loan and lease balances are residential real estate loans (RRE), so, for purposes of estimating burden, FDIC assumes that 24 percent of the number of loans relate to RRE. The FDIC estimates that approximately 25 percent of non-RRE loans are denied.

The foregoing assumptions result in the following estimates:

> 1,000 loans approved / (1 - 25 percent) = 1,333 loan applications
> 1,333 loan applications * 25 percent = 333 loans denied
> 1,000 loans approved * 24 percent = 240 RRE loans
> 240 RRE loans / (1 – 14 percent) = 279 RRE loan applications

The table above now includes the burden estimate for section 1002.13 that was inadvertently omitted from prior information collection submissions. Section 13(a), to monitor compliance, requires lenders to collect demographic information from loan applicants either on the application form or on a separate form. Section 13(b) & (c) involve disclosing to loan applicants the purpose and use of this demographic information.

The burden table also deletes the prior estimated burden for 1002.15 which only describes the eligibility for incentives for self-testing and self-correction and does not involve any disclosures, reporting, or recordkeeping requirements.

The FDIC has updated its estimate of the number of burden hours required to complete each task. It has estimated a burden of one to three minutes for most tasks (0.017 to 0.05 hours), a figure not significantly different from the prior estimates. However, the FDIC believes that the prior burden estimates for self-testing were greatly overstated. Whereas previously, self-testing under section 1002.12 was estimated to require two (2) hours to complete, the FDIC believes the recordkeeping requirement articulated in the rule should take only 3 minutes (0.05 hours) to complete.

According to the May 2016 National Industry-Specific Occupational Employment and Wage Estimates for the Depository Credit Intermediation sector, the 75th percentile hourly wage for *Credit Counselors and Loan Officers* was $43.40. However, the wage information reported by the Bureau of Labor Statistics (BLS) does not include health benefits and other forms of non-wage compensation. According to the First Quarter 2017 Employer Costs for Employee Compensation Data compensation rates, health benefits and other forms of non-wage compensation are 35.6 percent of total compensation. FDIC has inflation adjusted the hourly wage information according to the CPI-U so that it is contemporaneous with the non-wage compensation statistic. Therefore, the total estimated hourly compensation cost for covered institutions for Credit Counselors and Loan Officers is $68.65.

2 Federal Reserve Bulletin, November 2016, Vol. 102, No. 6.

Based on the information above, FDIC estimates the annual burden cost for the reporting, recordkeeping and disclosure requirements in connection with Regulation B for covered institutions to be 495,113 x $68.65 = **$33,989,536**.

13. Capital/Start-up and Operation/Maintenance Cost

    None.

14. Cost to Government

    None.

15. Reason for Change in Burden

    There is no change in the method or substance of the collection. The overall 107,276 hour reduction in total estimated annual burden (from 602,389 to 495,113 hours) is a result of economic fluctuation reflected in a reduction in the number of FDIC-supervised institutions, and the because of the revision of the FDIC's estimates of the number of responses and the average time required to respond to the various information collections tasks.

16. Publication

    There is no publication of the information reported.

17. Display of Expiration Dates

    Not applicable to these disclosures.

18. Exceptions to Certification

    None.

B. STATISTICAL METHODS

Not applicable.