

Supporting Statement
Covered Savings Association Notice – 12 CFR Part 101
OMB Control No. 1557-0341

A. *Justification.*

1. *Circumstances that make the collection necessary:*

This supporting statement is submitted in connection with a final rule that allows Federal savings associations (FSAs) to elect national bank powers and operate as covered savings associations. A new section of the Home Owners' Loan Act (HOLA) was added by the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA) to allow an FSA with total consolidated assets of \$20 billion or less, as of December 31, 2017, to elect to operate as a covered savings association. The new section of HOLA requires the OCC to issue rules that, among other things, establish streamlined standards and procedures for elections to operate as covered savings associations and clarify requirements for the treatment of covered savings associations. A covered savings association has the same rights and privileges as a national bank and is subject to the same duties and restrictions as a national bank.

2. *Use of the information:*

Under the information collection, a Federal savings association seeking to operate as a covered savings association would be required under section 101.3(a) to submit a notice making an election to the OCC that: (1) is signed by a duly authorized officer of the Federal savings association; and (2) identifies and describes any nonconforming subsidiaries, assets, or activities that the Federal savings association operates, holds, or conducts at the time its submits its notice.

Under section 101.5(a), the OCC may require a covered savings association to submit a plan to divest, conform, or discontinue a nonconforming subsidiary, asset, or activity.

A covered savings association may submit a notice to terminate its election to operate as a covered savings association under section 101.6 using similar procedures to those for an election. In addition, after a period of five years, a Federal savings association that has terminated its election to operate as a covered savings association may submit a notice under section 101.7 to reelect using the same procedures used for its original election.

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

FSAs may use any improved information technology that allows them to meet the requirements of the rule.

4. *Efforts to identify duplication:*

This information is not duplicated elsewhere.

5. *If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.*

This collection allows small FSAs (with total consolidated assets of \$20 billion or less) to elect to operate as covered savings associations through a notice process. The notice process collects the minimum amount of information necessary to determine whether an FSA is eligible to operate as a covered savings association.

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

If the collection were conducted less frequently, FSAs would not be able to avail themselves of the benefits of electing to operate as covered savings associations in a timely manner.

7. *Special circumstances that would cause an information collection to be conducted in a manner inconsistent with 12 CFR part 1320:*

Not applicable.

8. *Efforts to consult with persons outside the agency:*

The OCC solicited comment on the information collection through a notice of proposed rulemaking, 83 FR 47101 (September 18, 2018). In addition, the OCC has submitted the information collection requirements imposed by the proposed rule to OMB for review. As requested by OMB in its notice of action, the OCC has resubmitted the collection in connection with the final rule.

Two commenters stated that submitting information relating to existing branches and agencies is unduly burdensome. One commenter argued that the rule could be interpreted to require Federal savings associations to submit information on a significant number of branches and agencies, not just newly established ones. The commenter noted that many branch applications or notices were submitted prior to the integration of 12 CFR part 5. The commenter also stated that applications or notices are generally not required for a Federal savings association to establish an agency. The commenter believes the requirement would be unnecessary, would require time and cost that do not serve a compelling supervisory or regulatory purpose, and would require a covered savings association to disclose more information than a Federal savings association or national bank would be required to provide. The commenter recommended that this requirement be eliminated or that its scope be clarified. The second commenter stated that the requirement to provide information on existing branches and agencies is unnecessary and burdensome, noting that it may be difficult to provide information on branches that have been operational for a number of years. The commenter suggested that all branches that are open or operational or that have received regulatory approval or non-objection should be presumed to be compliant and documentation should not be required. Neither commenter believes that the OCC has clearly indicated why it needs this information. As noted earlier in this preamble, the final rule does not require Federal savings associations to identify branches or agencies in a notice of an election.

The OCC believes that it can obtain sufficient information about the branches and agencies of a prospective covered savings association by reviewing information the association submits on its nonconforming subsidiaries, assets, or activities. This information will allow the OCC to monitor covered savings associations for compliance with the final rule without imposing any additional burden that could be associated with submitting information identifying branches and agencies. The OCC has changed the information collection so that it no longer includes a requirement to submit information identifying branches and agencies.

9. *Payment or gift to respondents:*

None.

10. *Any assurance of confidentiality:*

The information will be kept private to the extent permitted by law.

11. *Justification for questions of a sensitive nature:*

There are no questions of a sensitive nature.

12. *Burden estimate:*

Election, Termination, Reelection:

Estimated Number of Respondents: 295

Estimated Burden per Respondent: 1 hours

Estimated Annual Burden: 295 hours

Plan to Divest:

Estimated Number of Respondents: 25

Estimated Burden per Respondent: 2 hours

Estimated Annual Burden: 50 hours

Total Annual Burden: 345 hours

Cost of Hour Burden

345 x \$114 = \$39,330

To estimate wages we reviewed May 2018 data for wages (by industry and occupation) from the U.S. Bureau of Labor Statistics (BLS) for credit intermediation and related activities excluding nondepository credit intermediaries (NAICS 5220A1). To estimate compensation costs associated with the rule, we use \$114 per hour, which is based on the average of the 90th percentile for nine occupations adjusted for inflation (2.8 percent as of Q1 2019 according to the BLS), plus an additional 33.2 percent for benefits (based on the percent of total compensation allocated to benefits as of Q4 2018 for NAICS 522: credit intermediation and related activities).

13. *Estimate of total annual cost to respondents (excluding cost of hour burden in Item #12):*

Not applicable.

14. *Estimates of annualized costs to the federal government:*

Not applicable.

15. *Change in burden:*

The increase in burden is due to the fact that this is a new collection.

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

Not applicable.

17. *Reasons for not displaying OMB expiration date:*

Not applicable.

18. *Exceptions to the certification statement:*

Not applicable.

B. *Collections of Information Employing Statistical Methods.*

Not applicable.