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SUBJECT: Information Collection Resubmission OMB Control No. 3064-0190 Interagency Appraisal Complaint Form

I have reviewed the burden estimates for the information collection resubmission (ICR) entitled Interagency Appraisal Complaint Form (OMB No. 3064-0190). The Appraisal Complaint Form is an interagency form jointly developed by the FDIC, the Office of the Comptroller of the Currency (OCC), the National Credit Union Association (NCUA), and the Federal Reserve Board (FRB). The form was developed for those who wish to file a formal, written complaint that an entity subject to the jurisdiction of one or more agencies has failed to comply with the appraisal independence standards or the Uniform Standards of Professional Appraisal Practice (USPAP). Below are the proposed updates to the 2016 ICR for the total hour and cost burdens.

Estimated Total Burden Hours:

Respondents to this ICR include appraisers, individuals, financial institutions, or other entities concerning non-compliance with appraisal standards. Each respondent who wishes to register a complaint must fill out the form and submit it to the Appraisal Subcommittee (ASC).

For this analysis, I estimate the number of small entities¹ affected will be zero. Since any entity or person can submit an Interagency Appraisal Complaint Form (“complaint form”), a respondent could be a small entity. However, I currently do not have access to information that would enable me to estimate how many small entities have previously filed a complaint form. Further, it is difficult to estimate whether a small entity would file a complaint form as it depends on the potential volume of non-compliance with appraisal standards a small entity might encounter, and a small entity’s propensity to file a complaint, among other things.

For this memorandum, I used burden time and frequency estimates provided by subject matter experts (SMEs) in the Division of Risk Management Supervision (RMS). The frequency of response is on occasion, which remains unchanged from the 2016 ICR.² The time per response

¹ U.S. Small Business Administration, “Small Business Compliance Guide: Size and Affiliation”. June 2018.

² See https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=201707-3064-004

has increased from 15 minutes in the 2016 ICR to 30 minutes to match the OCC's and FRB's updated time estimates. I trusted and relied on the expertise of the SMEs for this information.

In a five year span³, the ASC received 133 formal written complaints with an increasing amount received each year.⁴ The SMEs in RMS estimated the annual number of respondents to be 40 per year. This estimate is based on their analysis of historical complaint filings. This estimate differs from the 2016 ICR's initial estimate of 200 respondents. The updated number of respondents is based on data received since the initial estimate.

The total estimated burden hours are equal to the number of respondents multiplied by the time per response:

$$40 \text{ respondents} \times 30 \text{ minutes} = 20 \text{ hours.}$$

Wage Estimate:

I estimated the total burden cost for the ICR (OMB 3064-0190)⁵ using the September 2018 75th percentile hourly wages published by the Bureau of Labor Statistics (BLS) National Industry-Specific Occupational Employment and Wage Estimates for six occupations in the depository credit intermediation sector that are relevant to Information Collection burdens, as determined jointly by the Regulatory Analysis Section and the SMEs. I then weighted the wages for these six occupations, according to the SMEs' estimated allocation of labor. These allocations are listed in the table below.

The hourly wage rates published by BLS do not include non-monetary compensation. According to the September 2018 Employer Cost of Employee Compensation data, compensation rates for health and other benefits are 35.7 percent of total compensation. To estimate the total hourly compensation rate, I adjusted the hourly wage rates reported by BLS using changes in the Consumer Price Index for Urban Consumers (CPI-U) from May 2017 to September 2018 (3.31%) to account for inflation and ensure that the wage information is contemporaneous with the non-monetary compensation statistic. Then, I grossed up the inflation adjusted wages by 55.5 percent to include non-monetary compensation. After calculating these adjustments, the estimated total hourly compensation rates are as follows:

Estimated Category of Personnel Responsible for Complying with the PRA Burden	Total Estimated Hourly Compensation	Estimated Weights	Estimated Total Weighted Labor Cost Component
Executives and Managers*	\$125.78	20%	\$25.16
Lawyers**	\$160.50	0%	\$0.00
Compliance Officer***	\$65.15	40%	\$26.06
IT Specialists†	\$91.70	0%	\$0.00
Financial Analysts††	\$85.59	0%	\$0.00
Clerical‡	\$32.79	40%	\$13.12

³ The relevant dates are 2013 through 2017.

⁴ According to SMEs in RMS.

⁵ An hourly wage estimate was not included in the 2016 ICR

Total Estimated Weighted Average Hourly Compensation Rate		100%	\$64.33
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Source: Bureau of Labor Statistics: "National Industry-Specific Occupational Employment and Wage Estimates: Depository Credit Intermediation Sector" (May 2017), Employer Cost of Employee Compensation (September 2018), Consumer Price Index (September 2018).

Note: The wage information reported by the BLS in the Specific Occupational Employment and Wage Estimates does not include health benefits and other non-monetary benefits. According to the September 2018 Employer Cost of Employee Compensation data compensation rates for health and other benefits are 35.7 percent of total compensation. Additionally, the wage has been adjusted for inflation according BLS data on the Consumer Price Index for Urban Consumers (CPI-U) so that it is contemporaneous with the non-wage compensation statistic. The inflation rate was 3.31 percent between May 2017 and September 2018.

- * Occupation (SOC Code): Management Occupations (110000)
- ** Occupation (SOC Code): Lawyers, Judges, and Related Workers(231000)
- *** Occupation (SOC Code): Compliance Officers(131041)
- † Occupation (SOC Code): Computer and Mathematical Occupations (150000)
- †† Occupation (SOC Code): Financial Analyst (132051)
- ‡ Occupation (SOC Code): Office and Administrative Support Occupations(430000)

Total Estimated Cost Burden:

Using the estimated total burden hours and the estimated hourly compensation rates, the total estimated cost burden for the entire ICR (OMB No. 3064-0190) is:

$$20 \text{ hours} \times \$64.33/\text{hr} = \$1,286.60 \text{ per year.}$$

Assuming estimated hourly compensation costs for the 2016 ICR would not have differed significantly from the hourly compensation estimates used in this memorandum, the cost burden has decreased by \$1,929.90 since the 2016 ICR. The decrease is due entirely to the reduction in the estimated annual frequency of response.