

**Supporting Statement for
Lending Limits
12 CFR Part 32
OMB Control No. 1557-0221**

A. Justification.

1. *Circumstances that make the collection necessary:*

12 CFR 32.7(a) provides that, in addition to the amount that a national bank or savings association may lend to one borrower under 12 CFR 32.3, an eligible national bank or savings association may make residential real estate loans, small business loans, small farm loans or extensions of credit thereof to one borrower in the lesser of the following two amounts: 10 percent of its capital and surplus; or the percent of its capital and surplus, in excess of 15 percent, that a State bank or savings association is permitted to lend under the State lending limit that is available for residential real estate loans or unsecured loans in the state where the main office of the national bank or savings association is located.¹

An eligible national bank or savings association must submit an application to, and receive approval from, its supervisory office before using the supplemental lending limits in § 32.7(a). The supervisory office may approve a completed application if it finds that approval is consistent with safety and soundness. Section 32.7(b) provides that the application must include:

- (1) Certification that the national bank or savings association is an eligible national bank or eligible savings association;
- (2) Citations to relevant State laws or regulations;
- (3) A copy of a written resolution by a majority of the national bank's or savings association's board of directors approving the use of the limits and confirming the terms and conditions for use of this lending authority; and
- (4) A description of how the board will exercise its continuing responsibility to oversee the use of this lending authority.

12 CFR 32.9(b) provides national banks and savings associations with three alternative methods for calculating the credit exposure of non-credit derivative transactions (the Internal Model Method, the Conversion Factor Matrix Method, and the Remaining Maturity Method) and two alternative methods for calculating such exposure for securities financing transactions. The

¹ An *eligible national bank or eligible savings association* is well capitalized, as defined in the prompt corrective action rules applicable to the institution, and has a composite rating of 1 or 2 under the Uniform Financial Institutions Rating System in connection with its most recent examination or subsequent review, with at least a rating of 2 for asset quality and for management.

OCC provided these models to reduce the practical burden of such calculations, particularly for small and mid-size banks and savings associations.

Under 12 CFR 32.9(b)(1)(i)(C)(1), the use of a model (other than the model approved for purposes of the Advanced Measurement Approach in the capital rules) must be approved in advance and in writing by the OCC specifically for part 32 purposes. If a national bank or federal savings association proposes to use an internal model that has been approved by the OCC for purposes of the Advanced Measurement Approach, the institution must provide prior written notification to the OCC prior to use of the model for lending limits purposes. OCC approval also is required before any substantive revisions are made to a model that is used for lending limits purposes.

2. *Use of the information:*

The OCC uses the information to confirm that the proposed activity is permissible for the national bank or savings association, and that it does not endanger the safety and soundness of the national bank or savings association.

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

Any existing technology relevant to producing or delivering the information may be used.

4. *Efforts to identify duplication:*

This information collection is unique to the national bank or savings association and the particular filing. It is not duplicated anywhere.

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

There are no alternatives that would result in lowering the burden on small institutions, while still accomplishing the purpose of the rules.

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

The information is collected infrequently, as covered situations arise. Less frequent collection could impair the OCC's supervisory activities.

7. *Special circumstances necessitating collection inconsistent with 5 CFR part 1320:*

This information collection is conducted in accordance with OMB's guidelines in 5 CFR part 1320.

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

The information collection was published for 60 days of comment on May 6, 2019, 84 FR 19827. No comments were received.

9. *Payment to respondents:*

There is no payment to respondents.

10. *Any assurance of confidentiality:*

No assurance of confidentiality is given.

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

There are no questions of a sensitive nature.

12. Burden estimates:

Section Number	Requirement	Type of Burden	Number of Respondents	Number of Responses Per Respondent	Burden Per Response	Total
§ 32.7	Application Process: Special Lending Limit Program: <ul style="list-style-type: none"> • Apply and Obtain Approval Before Using 	Reporting	57	1	26	1,482
§ 32.9(b)(1)(i)(C)	Model Approval Process: <ul style="list-style-type: none"> • Receive Approval for Use of a Model • Submit Notification to Use Approved Model • Receive Approval for Substantive Change to Approved Model 	Reporting	238	2	1	476
Totals			295			1,958

Cost of Hour Burden

1,958 Hours x \$114 = \$223,212.

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 annualized costs to respondents (excluding cost of hour burden in Item

#12):

None.

14. *Estimate of annualized costs to the government:*

Not applicable.

15. *Changes in burden:*

There is no change in burden.

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

Not applicable.

17. *Display of expiration date:*

Not applicable.

18. *Exceptions to certification statement:*

None.

B. Collections of Information Employing Statistical Methods.

Not applicable.