

**Supporting Statement for  
Real Estate Lending and Appraisals  
OMB Control No. 1557-0190**

**A. Justification.**

This supporting statement is being filed in connection with a final rule. The rule will not result in a change in burden. While the respondent count will increase with the addition of Federal savings associations, we estimate fewer notices from national banks due to a decrease in charters since the last review, resulting in no change in burden.

Section 34.86(d) updates the requirements for prior notification for significant additional expenditures on OREO for national banks and extends the provision to Federal savings associations. Currently, a national bank must notify the OCC at least 30 days before making additional expenditures if the amount of the expenditures and recorded investment in the OREO exceeds ten percent of its capital and surplus, based on regulatory capital calculated under 12 CFR part 3. Federal savings associations are subject to supervisory review of any expenditures on OREO in excess of their lending limits, which are calculated based on a formula that incorporates a percentage of capital and surplus.

The final rule updates and streamlines the notification provision by requiring prior notification only when the proposed additional expenditures and recorded investment in an individual OREO property exceeds 10 percent of the institution's total equity capital based on its most recent Call Report. National banks with significant loan loss reserves or excessive losses recorded in accumulated other comprehensive income will generally have a reduced limit for notification. National banks holding assets that are deducted under the regulatory capital rule, will generally have an increase limit for notification under the rule.

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

Twelve CFR parts 34 and 160 contain a number of reporting, recordkeeping, and disclosure requirements. Twelve CFR part 34, subpart B (Adjustable-Rate Mortgages (ARM)), subpart E (Other Real Estate Owned (OREO)) and part 160 (Lending and Investment) contain reporting requirements. Twelve CFR part 34, subpart C (Appraisal Requirements), subpart D (Real Estate Lending Standards), and part 160 contains recordkeeping requirements. Twelve CFR 190.4(h) contains a disclosure requirement concerning Federally-related residential manufactured housing loans.

Twelve CFR part 34, subpart B, § 34.22(a) requires that for ARM loans, the loan documentation must specify an index or combination of indices to which changes in the interest rate will be linked. Sections 34.22(b) and 160.35(d)(3) set forth the notice procedures to be used when seeking to use an alternative index.

Twelve CFR 34.44 provides minimum standards for the performance of real estate appraisals, including the requirement that appraisals be in writing and contain sufficient information and analysis to support the institution's decision to engage in the transaction.

Twelve CFR 34.62, 160.101, and the related appendices require each institution to adopt and maintain written policies that establish appropriate limits and standards for extensions of credit that are secured by liens on or interests in real estate, or that are made for the purpose of financing permanent improvements to real estate. The institution's board of directors must approve the real estate lending policies at least annually.

Twelve CFR 7.1000(d) requires that, after holding any real estate acquired for future bank expansion for one year, a national bank or Federal savings association must state, by resolution or other official action, its plans for the use of the property and make the resolution or other action available for inspection by examiners. Sections 34.85 and 160.172 require national banks and Federal savings associations to develop prudent real estate collateral evaluation policies to monitor the value of each parcel of OREO in a manner consistent with prudent banking practice. Section 34.86 requires national banks to notify the appropriate supervisory office at least 30 days before making advances under a development or improvement plan for OREO if the total investment in the property will exceed 10 percent of the bank's capital and surplus. The proposed rule would update the requirements in § 34.86(d) for prior notification for significant additional expenditures on OREO for national banks and extend the provision to Federal savings associations.

Twelve CFR 190.4(h) requires that for Federally-related residential manufactured housing loans, a creditor must send a debtor a notice of default at least 30 days prior to any repossession, foreclosure, or acceleration of payments.

**2. *Use of the information:***

These regulations are required by statute and are used by the OCC to ensure the safe and sound operation of financial institutions.

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

Institutions may adopt any existing technology relevant to the information, as long as the information is retrievable for use in examinations.

**4. *Efforts to identify duplication:***

These are requirements that are unique to each institution. The information is not compiled for any other reason, and no duplicate information exists.

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

The rule applies to all OCC-supervised institutions regardless of asset size. There are no alternatives that would result in further lowering the burden on small institutions, while still accomplishing the purpose of the rule.

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

The collection of information is the minimum necessary to comply with Federal law. Less frequent collection would make the program unworkable and would not be in the public interest.

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

This collection is conducted in a manner consistent with the guidelines in 5 CFR part 1320.

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

The OCC issued a notice of proposed rulemaking containing the collection requirement for 60 days of comment on April 24, 2019, 84 FR 17094. No comments were received regarding the collection. In addition, the OCC submitted this information collection to OMB in connection with the notice of proposed rulemaking. OMB filed a comment that the OCC should analyze whether the \$114 hourly burden estimate should be uniform across all aspects of the collection.

The estimate of \$114 per hour is based on the average of the 90th percentile for wages for occupation categories from the U.S. Bureau of Labor Statistics (BLS) for depository credit intermediation (NAICS 522100), adjusted for inflation (2 percent), plus an additional 30 percent to represent average cost of private sector benefits. The occupation categories included in the calculation cover a range of responsibilities that are present in a typical bank division, such as: Financial Managers, Miscellaneous Managers, Management Analysts, Accountants and Auditors, Credit Analysts, and Financial Analysts and Advisors; along with support roles such as Computer and Information System Managers; Software Developers and Programmers; and Lawyers and Judicial Law Clerks. The OCC uses the average of these occupations because changes to training and reporting generally require broader involvement, particularly for support occupations, to approve and implement changes to current procedures. The OCC expects these occupations would be involved in both creating and implementing policies on other real estate owned (OREO), including associated OREO reporting, and therefore using the same average wage estimate is appropriate here.

**9. *Payment 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:**

<b>Requirement</b>	<b>Citations</b>	<b>Number of Respondents</b>	<b>Burden Hours Per Respondent</b>	<b>Total Number Of Hours Annually</b>
<i>Recordkeeping:</i> ARM loan documentation must specify indices to which changes in the interest rate will be linked	§34.22(a)	164	6	984
<i>Reporting:</i> Procedure to be followed when seeking to use an alternative index	§34.22(b); §160.35(d) (3)	249	6	1,494
<i>Recordkeeping:</i> Appraisals must be written and contain sufficient information and analysis to support engaging in the transaction	§34.44	1,200	1,488 responses per respondent @ 5 minutes per response	148,800
<i>Recordkeeping:</i> Written policies (reviewed annually) for extensions of credit secured by or used to improve real estate	§34.62; appendix A to subpart D to part 34; §160.101; appendix A to § 160.101	1,413	30	42,390
<i>Recordkeeping:</i> Resolution stating plans for use of property	§7.1000(d)	6	5	30
<i>Recordkeeping:</i> Real estate evaluation policy to monitor OREO	§34.85 §160.172	9	5	45
<i>Reporting:</i> Prior notification of making advances under development or improvement plan for OREO	§34.86	6	5	30
<i>Disclosure:</i> Default notice to debtor at least 30	§190.4(h)	42	2	84

<b>Requirement</b>	<b>Citations</b>	<b>Number of Respondents</b>	<b>Burden Hours Per Respondent</b>	<b>Total Number Of Hours Annually</b>
days before repossession, foreclosure, or acceleration of payments				
<b>TOTALS</b>		<b>1,413</b>		<b>193,857</b>

**Cost of Hour Burden**

**193,857 x \$114 = \$22,099,698**

To estimate average hourly wages we reviewed data from May 2016 (released March 31, 2017) for wages (by industry and occupation) from the U.S. Bureau of Labor Statistics (BLS) for depository credit intermediation (NAICS 522100). To estimate compensation costs associated with the rule, we use \$114 per hour, which is based on the average of the 90th percentile for seven occupations adjusted for inflation (2 percent), plus an additional 30 percent to cover private sector benefits. Thirty percent represents the average private sector costs of employee benefits.

**13. *Estimates of annualized costs to respondents:***

Not applicable.

**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.