

Office of the Comptroller of the Currency
Supporting Statement
Community Reinvestment Act Regulation
OMB Control No. 1557-0160

A. Justification

The OCC submits this ICR pursuant to a proposed rule issued by the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation (agencies).

1. Circumstances that make the collection necessary:

The Community Reinvestment Act (CRA) encourages insured depository institutions to invest trillions of dollars into the communities they serve, including low- and moderate-income (LMI) neighborhoods. The regulations implementing the law have not been extensively revised since 1995. The Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) are proposing regulations that encourage banks to provide billions more each year in CRA-qualified lending, investment, and services by modernizing the CRA regulations to better achieve the law's underlying statutory purpose of encouraging banks to serve their communities by making the regulatory framework more objective, transparent, consistent, and easy to understand (NPR). To accomplish this, the NPR would strengthen the CRA regulations by (1) clarifying which activities qualify for CRA credit; (2) updating where activities count for CRA credit; (3) creating a more transparent and objective method for measuring CRA performance; and (4) providing for more transparent, consistent, and timely CRA-related data collection, recordkeeping, and reporting. These changes are intended to encourage banks to serve their entire communities, including LMI neighborhoods, more effectively through a clearer set of CRA activities and would provide clarity for all stakeholders.

2. Use of the information:

Under the NPR:

- Banks may request that the agency confirm that an activity is a qualifying activity by submitting a complete Qualifying Activity Confirmation Request Form. 12 CFR 25.05(c)(1).
- A bank must delineate one or more assessment areas within which the agency evaluates the bank's record of helping to meet the credit needs of its community. 12 CFR 25.08.
- Banks that are not small banks must submit the information in paragraph (b) of 12 CFR 25.14 on the Performance Context Form. 12 CFR 25.14(c).
- A bank must submit a strategic plan that meets the requirements of 12 CFR 25.16 if the bank: (1) would otherwise be evaluated under § 25.12 and does not maintain retail domestic deposits on-balance sheet or (2) is a small bank that does not originate retail loans. A bank not required to submit a plan may do so. 12 CFR 25.16.

- Banks evaluated under the general performance standards in § 25.12 and banks evaluated under a strategic plan under § 25.16, unless otherwise determined in writing by the agency, must collect and maintain the information required by 12 CFR 25.19. 12 CFR 25.19.
- Small banks must collect and maintain data on the value of each retail domestic deposit account and the physical address of each depositor. 12 CFR 25.20.
- Banks must keep the data collected under § 25.19 and § 25.20 in machine readable form (as prescribed by the agency). 12 CFR 25.22.
- Banks evaluated under the general performance standards in § 25.12 and banks evaluated under a strategic plan under § 25.16, unless otherwise determined in writing by the agency, must report the information required by 12 CFR 25.23. 12 CFR 25.23.
- Banks must maintain a public file that includes: all written comments and responses; a copy of the public section of the bank's or savings association's most recent CRA performance evaluation; a list of the bank's branches, their street addresses, and census tracts; a list of the branches opened or closed, their street addresses, and geographies; a list of services offered; a map of each assessment area; and any other information the bank chooses. Banks with strategic plans must include a copy of the plan. Banks with less than satisfactory ratings must include a description of its current efforts to improve its performance in helping to meet the credit needs of its entire community. Banks must make the all of this information available to the public. This information must be current as of April 1 of each year. 12 CFR 25.25.

3. Consideration of the use of improved information technology:

The agencies use information technology to reduce compliance burden on institutions and decrease costs to both the institutions and the agencies.

To help alleviate the burden and expense of geocoding loans (the linking of geographic information and loan data), the Federal Financial Institutions Examination Council (FFIEC) provides a geocoding utility free-of-charge on its Web site (<http://www.ffiec.gov>). This program enables an institution to enter the address of a given property and obtain quickly the information needed to geocode the property. This Web site also provides demographic data about each property and has been used extensively by financial institutions and the public.

The agencies also developed software that helps institutions comply with the requirements to maintain CRA loan data in a machine-readable form. The agencies provide this software annually and at no charge to institutions. The agency-provided software includes encrypted Internet transmission capability (for year-end reporting) and on-line help guides that provide information about data-reporting requirements. The agencies also provide an automated assistance line and a fully automated fax-retrieval system that delivers a wide array of materials, usually within 30 minutes of the request. Additionally, an institution may use any other information technology available that meets the agencies' specifications.

Furthermore, the agencies provide access to reports that institutions and examiners can use to analyze CRA performance throughout the calendar year. For instance, aggregate CRA and HMDA data are posted on the FFIEC Web site (<http://www.ffiec.gov/cra>). The agencies also distribute annual data reports in CD-ROM format to all institutions. By using information technology, the agencies are able to facilitate compliance with the regulations and reduce an institution's compliance costs.

4. Efforts to identify duplication:

The information collected under the agencies' CRA regulations pertains to institution-specific activities and lines of business in particular geographic areas. The information supports institution-specific requests for approval of strategic plans and certain applications. For these reasons, almost all of the information collected pursuant to the CRA regulations is not otherwise available. Where the agencies already collect information useful for CRA purposes, they have relied on the existing collection, rather than requiring that the information be provided in a different format.

5. Methods used to minimize burden if the collection has an impact on small entities:

Small institutions are subject to modest burden under the CRA regulations.

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

Reporting less frequently would decrease the utility of the data for both the public and the agencies. The agencies believe that a comparison, at least annually, of an institution's performance with that of their peer institutions is a critical component in the CRA evaluation process.

7. Special circumstances necessitating the collection to be conducted in a manner inconsistent with 5 CFR part 1320:

The information collection requirements in the agencies' CRA regulations are consistent with 5 CFR part 1320.

8. Efforts to consult with persons outside the agency:

The agencies issued an NPR containing the collection for 60 days of comment.

9. Payment to respondents:

Not applicable. There is no payment to respondents.

10. Assurance of confidentiality:

A primary purpose for collection of CRA data is disclosure to the public. Therefore, no assurance of confidentiality is made.

11. Justification for questions of a sensitive nature:

Not applicable.

12. Burden estimate:

Burden Calculation Assumptions:

- As a baseline, we used our Economist’s first year higher range estimate averaged across bank size and disaggregated to separate categories.
- The number of strategic plan banks is estimated to be 25% of non-small banks. This number could be considerably larger or smaller.
- Assignments of hours are purely speculative based on reasonable assumptions for some categories and backing into remaining categories to reach the Economist’s estimate.

Cite and Burden Type	Requirements in 12 CFR 25	No. of Respondents	Avg. hours per Response	Estimated Burden Hours
12 CFR 25.05c)(1) Optional Reporting	<p><u>Qualifying activities confirmation and illustrative list.</u></p> <p><i>Process</i> – Banks may request that the OCC confirm that an activity is a qualifying activity by submitting a complete Qualifying Activity Confirmation Request Form.</p>	363	16	5,808
12 CFR 25.08 Recordkeeping	<p><u>Assessment area.</u></p> <p>A bank must delineate one or more assessment areas within which the OCC evaluates the bank’s record of helping to meet the credit needs of its community.</p>	1,069	130	138,970
12 CFR 25.14(c) Reporting	<p><u>Consideration of performance context.</u></p> <p><i>Form</i> – Banks that are not small banks must submit the information in paragraph (b) of 12 CFR 25.14 on the Performance Context Form.</p>	363	400	14,520
12 CFR 25.16 Reporting	<p><u>Strategic plan.</u></p>	91	200	18,200

Cite and Burden Type	Requirements in 12 CFR 25	No. of Respondents	Avg. hours per Response	Estimated Burden Hours
	A bank must submit a strategic plan that meets the requirements of 12 CFR 25.16 if the bank: (1) would otherwise be evaluated under § 25.12 and does not maintain retail domestic deposits on-balance sheet or (2) is a small bank that does not originate retail loans. A bank not required to submit a plan may do so.			
12 CFR 25.19 Recordkeeping	<p><u>Data collection for banks evaluated under the general performance standards in § 25.12 or a strategic plan under § 25.16.</u></p> <p>Banks evaluated under the general performance standards in § 25.12 and banks evaluated under a strategic plan under § 25.16, unless otherwise determined in writing by the OCC, must collect and maintain the information required by 12 CFR 25.19.</p>	363	6,355	2,306,865
12 CFR 25.20 Recordkeeping	<p><u>Retail domestic deposit data collection and recordkeeping for small banks evaluated under the small bank performance standards in § 25.13.</u></p> <p><i>Retail domestic deposit data collection</i> – Small banks must collect and maintain data on the value of each retail domestic deposit account and the physical address of each depositor.</p>	710	530	376,300
12 CFR 25.22 Recordkeeping	<p><u>Recordkeeping.</u></p> <p>Banks must keep the data collected under § 25.19 and § 25.20 in machine readable form (as prescribed by the OCC).</p>	1,069	360	384,840
12 CFR 25.23 Reporting	<p><u>Reporting for banks evaluated under the general performance standards in § 25.12 or a strategic plan under §25.16.</u></p>	363	40	145,200

Cite and Burden Type	Requirements in 12 CFR 25	No. of Respondents	Avg. hours per Response	Estimated Burden Hours
	<p>Banks evaluated under the general performance standards in § 25.12 and banks evaluated under a strategic plan under § 25.16, unless otherwise determined in writing by the OCC, must report the information required by 12 CFR 25.23</p> <p>.</p>			
<p>12 CFR 25.25(a), (a)(1), (a)(2), (a)(3), (a)(4), (a)(5), (a)(6), (a)(7), (b)(1), (b)(2), (c), (d) Disclosure</p>	<p><u>Content and availability of public file.</u></p> <p><i>Information available to the public –</i> Banks must maintain a public file that includes the following information:</p> <ul style="list-style-type: none"> • All written comments and responses • A copy of the public section of the bank’s or savings association’s most recent CRA performance evaluation • A list of the bank’s branches, their street addresses, and census tracts • A list of the branches opened or closed, their street addresses, and geographies • A list of services offered • A map of each assessment area • Any other information the bank chooses <p><i>Additional information available to the public –</i> Banks must include in its public file the following additional information:</p> <ul style="list-style-type: none"> • Banks with strategic plans: A copy of the strategic plan. • Banks with less than satisfactory ratings: A description of its current efforts to improve its performance in helping to meet the credit needs of its entire community. <p><i>Availability of public information –</i></p>	<p>1.069</p>	<p>10</p>	<p>10,690</p>

Cite and Burden Type	Requirements in 12 CFR 25	No. of Respondents	Avg. hours per Response	Estimated Burden Hours
	<p>Banks must make available to the public the information required in this section.</p> <p><i>Updating</i> – Banks must ensure that the information required by this section is current as of April 1 of each year.</p>			
Total Part 25		Total Burden:	8,041	3,401,393

Cost of Hour Burden:

3,401,393 x \$ 114 = \$ 372,861,282.

To estimate wages the OCC 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, the OCC uses \$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 the total annualized cost to respondents:

N/A.

14. Estimate of annualized cost to the federal government:

N/A.

15. Changes in burden:

Current Burden: 113,351
 Burden under NPR: 3,401.393
 Difference: + 3,288,042

The increase in burden is due to the implementation of new regulations.

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

Not applicable.

17. *Display of expiration date:*

Not applicable. The information collections are contained in regulations.

18. *Exceptions to certification statement:*

Not applicable.

B. Collections of information employing statistical methods

Not applicable.