



## "COMMUNITY SUPPORT REQUIREMENTS"

OMB NUMBER 2590-0005

SUPPORTING STATEMENT

### A. JUSTIFICATION

#### 1. Circumstances Necessitating the Collection of Information

The Federal Home Loan Bank System (System) consists of eleven regional Federal Home Loan Banks (Banks) and the Office of Finance (a joint office of the Banks that issues and services their debt securities). The Banks are wholesale financial institutions, organized under authority of the Federal Home Loan Bank Act (Bank Act) to serve the public interest by enhancing the availability of residential housing finance and community lending credit through their member institutions and, to a limited extent, through eligible non-member "housing associates."<sup>1</sup> Each Bank is structured as a regional cooperative that is owned and controlled by member financial institutions located within its district, which are also its primary customers.

Section 10(g)(1) of the Bank Act requires the Director of the Federal Housing Finance Agency (FHFA or the Agency) to promulgate regulations establishing standards of community investment or service that Bank member institutions must meet in order to maintain access to long-term advances (*i.e.*, loans made by a Bank to a member).<sup>2</sup> Section 10(g)(2) of the Bank Act requires that, in establishing these community support requirements for Bank members, FHFA take into account factors such as the member's performance under the Community Reinvestment Act of 1977 (CRA)<sup>3</sup> and record of lending to first-time homebuyers.<sup>4</sup> FHFA's community support regulation, which establishes standards and review criteria for determining compliance with section 10(g) of the Bank Act, is set forth at 12 CFR part 1290.

Part 1290 requires that each Bank member subject to community support review submit to FHFA biennially a completed Community Support Statement (Form 060), which contains several short questions the answers to which are used by FHFA to assess the responding member's compliance with the community support standards.<sup>5</sup> In part I of the Form, a member that is

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<sup>1</sup> Certain non-member entities are permitted by statute to engage in limited business activities with a Bank. *See* 12 U.S.C. § 1430b. FHFA's regulations refer to these entities as "housing associates." *See* 12 CFR part 1264.

<sup>2</sup> *See* 12 U.S.C. 1430(g)(1). By regulation, FHFA has defined "long-term" advances to be those with an original term to maturity greater than five years. *See* 12 CFR 1266.1.

<sup>3</sup> 12 U.S.C. § 2901 *et seq.*

<sup>4</sup> *See* 12 U.S.C. § 1430(g)(2).

<sup>5</sup> *See* 12 CFR 1290.2(b).

subject to the CRA must record its most recent CRA rating and the year of that rating. Part II of the Form addresses a member's efforts to assist first-time homebuyers. A member may either record the number and dollar amount of mortgage loans made to first-time homebuyers in the previous or current calendar year (part II.A), or indicate the types of programs or activities it has undertaken to assist first-time homebuyers by checking selections from a list (part II.B), or do both. If a member has received a CRA rating of "Outstanding," it need not complete part II of the Form. A copy of the current Form and related instructions appear as an attachment to this Supporting Statement.

Part 1290 also establishes the circumstances under which FHFA will restrict a member's access to long-term Bank advances and to Affordable Housing Program (AHP), Community Investment Program (CIP) and Community Investment Cash Advance (CICA) programs for failure to meet the community support requirements.<sup>6</sup> It permits Bank members whose access to long-term advances has been restricted to apply directly to FHFA to remove the restriction if certain criteria are met.<sup>7</sup>

## **2. Use of Data**

FHFA uses the information collection contained in FHFA Form 060 and part 1290 to determine whether Bank members satisfy the statutory and regulatory community support requirements and to ensure that, as required by statute and regulation, only Bank members that meet those requirements maintain continued access to long-term Bank advances and to AHP, CIP, and CICA programs.

## **3. Use of Information Technology**

Bank members are strongly encouraged to complete and submit Form 060 online, but may submit a version via email or fax if they cannot complete the submission online.

## **4. Efforts to Identify Duplication**

This information collection avoids duplication by utilizing CRA ratings as a method of determining fulfillment of the community support requirements by those members that are subject to the CRA.

## **5. Impact on Small Entities**

This information collection does not have a significant economic impact on a substantial number of small entities. The regulation implements statutory requirements and is applicable to all Bank members regardless of their size.

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<sup>6</sup> See 12 CFR 1290.5(b), (e).

<sup>7</sup> See 12 CFR 1290.5(d).

## **6. Consequences of Less Frequent Collection and Obstacles to Burden Reduction**

If FHFA did not collect the information at least biennially, it would be unable to determine effectively whether Bank members satisfy the community support standards they are required by statute to meet in order to maintain access to long-term Bank advances and to AHP, CIP, and CICA programs.

## **7. Circumstances Requiring Special Information Collection**

No special circumstances require FHFA to conduct the information collection in a manner inconsistent with the guidelines provided in this Item 7.

## **8. Solicitation of Comments on Information Collection**

In accordance with the requirements of 5 CFR 1320.8(d), FHFA published a request for public comments regarding this information collection in the *Federal Register* on January 22, 2020.<sup>8</sup> The 60-day comment period closed on March 23, 2020. FHFA received no comments.

## **9. Provision of Payments to Respondents**

No payment or gift will be provided to any respondent.

## **10. Assurance of Confidentiality**

FHFA has not provided, and is not required to provide, any assurance of confidentiality with respect to the information to be collected.

## **11. Questions of Sensitive Nature**

There are no questions of a sensitive nature in the information collection.

## **12. Estimated Burden of Information Collection on Respondents**

FHFA is seeking OMB clearance for two information collections under this control number: (1) Community Support Statements (Form 060); and (2) Requests to Remove a Restriction on Access to Long-Term Advances. The total estimated annualized hour burden imposed upon respondents by these two information collections is 1,950 hours. The estimated annualized cost associated with this burden estimate is \$195,000, which includes salaries, benefits, and overhead costs. These estimates are based on the following calculations:

### *1) Community Support Statements (Form 060)*

The estimated annualized hour burden associated with the preparation, review, and submission of Form 060 is 1,920 hours. The estimated annualized cost associated with this burden estimate is \$192,000.

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<sup>8</sup> See 85 FR 3680 (Jan. 22, 2020).

Most Bank members are required to submit a completed Community Support Statement biennially, with members that are non-depository community development financial institutions (CDFIs) or that have been members for less than one year as of March 31<sup>st</sup> of the year submission is required exempted from the submission requirement. There are currently about 6,700 Bank members. Considering that about 60 of those are non-depository CDFIs and that the System has experienced a consistent net loss of about 100 to 200 Bank members annually over a period of years, FHFA estimates that an average of about 6,400 members will be required to submit the biennial statement over each of the next several cycles, which corresponds to an annual average of 3,200 respondents. FHFA calculated the burden and cost estimates as follows:

Senior executive completes and submits Form 060:

- Time per Form: 0.6 hours
- Total Forms: 3,200
- Total hours: 1,920
- Hourly rate: \$100 (includes salary, benefits and overhead)
- Total cost: \$192,000

2) Request to Remove a Restriction on Access to Long-Term Advances

The estimated annualized hour burden associated with the preparation, review, and submission of requests to remove a restriction on access to long-term advances is 30 hours. The estimated annualized cost associated with this burden estimate is \$3,000.

FHFA based its estimates for the annual burdens arising from the preparation, review, and submission of these requests upon an annual average of 50 respondents, based on the fact that there are currently 100 members on restriction for failure to file a biennial Community Support Statement.

Senior executive prepares and submits a request to remove a restriction on access to long-term advances:

- Time per request: 0.6 hours
- Total requests: 50
- Total hours: 30
- Hourly rate: \$100(includes salary, benefits and overhead)
- Total cost: \$3,000

### **13. Estimated Total Annualized Cost Burden to Respondents**

FHFA has not identified any costs to respondents other than the costs discussed in detail under Item 12 above.

#### 14. Estimated Cost to the Federal Government

The estimated annual hour burden to FHFA associated with the two information collections for which it is seeking clearance under this control number is 163 hours. The estimated annualized cost associated with this burden estimate is \$16,072, which includes salaries, benefits, and overhead costs. These estimates are based on the following calculations:

1) Community Support Statements

The estimated annualized hour burden to FHFA in connection with assisting members with the completion of their Community Support Statements and with the review and processing of the completed forms is 150 hours. The estimated annualized cost associated with this burden estimate is \$14,700. These estimates are based on the following calculations:

Senior policy analyst responds to questions from Bank staff and Bank members concerning community support requirements, and reviews and processes Statements for which part II has been completed (regarding a member's efforts to assist first-time homebuyers) or for which incorrect CRA ratings have been entered:

- Time per Form: 0.1 hours
- Total Forms: 1,500
- Total hours: 150
- Hourly rate: \$98 (includes salary, benefits and overhead)
- Total cost: \$14,700

2) Request to Remove a Restriction on Access to Long-Term Advances

The estimated annualized hour burden to FHFA in connection with reviewing and processing member requests to remove restrictions on access to long-term advances and to AHP, CIP, and CICA programs is 13 hours. The estimated annualized cost associated with this burden estimate is \$380. These estimates are based on the following calculations:

Senior policy analyst reviews and processes each request to remove a restriction on access to long-term advances and notifies Bank staff of the result.

- Time per request: 0.25 hours
- Total requests: 50
- Total hours: 13
- Hourly rate: \$98 (includes salary, benefits and overhead)
- Total cost: \$1372

#### 15. Reasons for Change in Burden

FHFA has decreased its estimate as to the total annualized hour burden imposed upon respondents by this information collection from 2,287 hours in its 2017 submission to 1,950

hours in this submission. This reduced estimate is due primarily to a reduction in the total estimated number of Bank members going forward, as compared to the 2017 estimate, and a corresponding reduction in the estimated average number of Community Support Statements submitted annually from 3,500 to 3,200. A reduction in the burden estimate for the preparation of individual Community Support Statements from .65 hours in 2017 to the current .60 hours—due to the increased prevalence of electronic submissions—also accounts for some of the decrease in the overall burden estimate.

**16. Plans for Tabulation, Statistical Analysis and Publication**

FHFA will not publish the results of this information collection.

**17. If Seeking Approval to Not Display the Expiration Date for OMB Approval of the Information Collection, Explain the Reasons Why Display Would Be Inappropriate**

FHFA plans to display the expiration date for OMB approval.

**18. Explain Each Exception to the Topics of the Certification Statement Identified in “Certification for Paperwork Reduction Act Submission.”**

There are no exceptions to the certification statement identified in this Item.

**B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS**

The information collection does not employ statistical methods.