

Office of the Comptroller of the Currency (OCC)
Supporting Statement
Community Reinvestment Act Regulation – 12 CFR 25
OMB Control No. 1557-0160

A. Justification

1. Circumstances that make the collection necessary:

The Community Reinvestment Act (CRA) is designed to encourage regulated banks to help meet the credit needs of the local communities in which they are chartered. Specifically, Congress found that “(1) regulated financial institutions are required by law to demonstrate that their deposit facilities serve the convenience and needs of the communities in which they are chartered to do business; (2) the convenience and needs of communities include the need for credit as well as deposit services; and (3) regulated financial institutions have continuing and affirmative obligation to help meet the credit needs of the local communities in which they are chartered.”¹

The CRA statute requires the agencies to “assess the institution’s record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution.”² Upon completing this assessment, the statute requires the agencies to “prepare a written evaluation of the institution’s record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods.”³

In addition, the statute requires making portions of these written evaluations, referred to by the agencies as performance evaluations, available to the public.⁴ The statute further provides that each agency must consider a bank’s CRA performance “in its evaluation of an application for a deposit facility by such institution.”⁵

This supporting statement is being submitted in connection with an interagency proposed rule issued by the OCC, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation. The proposed requirements are set forth in below.

2. Use of the information:

The proposed rule seeks feedback on changes to update and clarify the regulations to implement the CRA.⁶ The CRA encourages banks to help meet the credit needs of the local communities in which they are chartered, consistent with a bank’s safe and sound operations, by

¹ 12 U.S.C. 2901(a).

² 12 U.S.C. 2903(a)(1).

³ 12 U.S.C. 2906(a).

⁴ 12 U.S.C. 2906(b).

⁵ 12 U.S.C. 2903(a)(2).

⁶ 12 U.S.C. 2901 et seq.

requiring the Federal financial supervisory agencies to examine banks' records of meeting the credit needs of their entire community, including low- and moderate-income neighborhoods.

The information collection requirements in the proposed rule are as follows:

§ .26 Wholesale and limited purpose banks. Banks requesting a designation as either a wholesale bank or limited purpose bank would be required to file a request in writing with the appropriate Federal banking agency at least 3 months prior to the proposed effective date of the designation.

§ .27 Strategic plan. Banks could submit a strategic plan to the appropriate Federal banking agency for approval. Requirements regarding the content of such a plan are set forth in § .27 of the proposed rule. The appropriate Federal banking agency would assess a bank's record of helping to meet the credit needs of its facility-based assessment areas, and, as applicable, its retail lending assessment areas, and geographic areas outside of its assessment areas at the institution level under its strategic plan if the plan has been properly submitted, been approved, is in effect, and in operation for a minimum of one year. The proposal specifies requirements for the term of a strategic plan, the treatment of multiple assessment areas, the treatment of operations subsidiaries or operating subsidiaries, as applicable, and affiliates, public participation, submission, content, and amendment based on material change. Additionally, during the term of a plan, a bank could request that the appropriate Federal banking agency approve an amendment to the plan in the absence of a change in material circumstances. A bank that requests such an amendment would be required to provide an explanation regarding why it is necessary and appropriate to amend its plan goals.

§ .42(a)(1) Small business and small farm loans data. A bank, except a small bank or an intermediate bank, would be required to collect and maintain in prescribed machine readable form, until the completion of its next CRA examination, data on small business and small farm loans originated or purchased by the bank during the evaluation period.

§ .42(a)(2) Consumer loans data—automobile loans. A bank with assets of over \$10 billion in both of the prior two calendar years would be required to collect and maintain in prescribed machine readable form, until the completion of its next CRA examination, data for automobile loans originated or purchased by the bank during the evaluation period.

§ .42(a)(4) Retail services and products data. A large bank would be required to collect and maintain data in a machine readable form until the completion of its next CRA examination. These data include information regarding branches and remote service facilities, and certain information with respect to retail services and products offered and provided by the bank during the evaluation period. Large banks with assets of over \$10 billion in both of the two prior calendar years, or large banks with assets of \$10 billion or less in either of the prior two calendar years that request additional consideration for digital and other delivery systems, must collect and maintain data on the range of services and products offered through digital and other delivery systems and digital activity by individuals in low-, moderate-, middle-, and upper-income census tracts. Large banks with assets of over \$10 billion in both of the prior two calendar years, or large banks with assets of \$10 billion or less in either of the prior two calendar

years, that request additional consideration for responsive deposit products, must collect and maintain data, including the number of deposit products opened and closed by individuals in low-, moderate-, middle-, and upper-income census tracts.

§ .42(a)(5) Community development loans and community development investments data. A bank, except a small or an intermediate bank, would be required to collect and maintain the following data for community development loans and community development investments originated or purchased by the bank: general information on the loan or investment; community development loan or investment activity information; the indicators of the impact of the activity as applicable; location information; other information relevant to determining that an activity meets the standards under community development; and allocation of dollar value of the activity to counties served by the community development activity, if available. Large banks would be required to collect and maintain this information in prescribed machine readable form. An intermediate bank that opts to be evaluated under the Community Development Financing Test, would be required to collect and maintain this information in the format used by the bank in the normal course of business. Both of these types of banks would be required to maintain this data until completion of its next CRA examination. These banks would be required to collect and maintain, on an annual basis, data for loans and investments originated or purchased during the evaluation period. Likewise, these banks would be required to collect and maintain data on community development loans and investments from prior years that are held on the bank's balance sheet at the end of each quarter.

§ .42(a)(6) Community development services data. A large bank with assets of over \$10 billion in both of the prior two calendar years would be required to collect and maintain in prescribed machine readable form until the completion of its next CRA examination, community development services data, including bank information, community development services activity information, and location information.

§ .42(a)(7) Deposits data. A large bank that had assets of over \$10 billion in both of the prior two calendar years would be required to collect and maintain annually in prescribed machine readable form until the completion of its next CRA examination, the dollar amount of its deposits at the county level, based upon the address associated with the individual account (except for account types where an address is not available), calculated based on average daily balances as provided in statements such as monthly or quarterly statements. A large bank with assets of \$10 billion or less in either of the two prior calendar years that opts to collect and maintain deposits data would be required to do so in machine readable form until completion of the bank's next CRA examination.

§ .42(b)(1) Small business and small farm loan data. A bank, except a small or intermediate bank, would be required to report annually by April 1, in prescribed machine readable form, certain aggregate data for small business or small farm loans for each census tract in which the bank originated or purchased such loans.

§ .42(b)(2) Consumer loans—automobile loans data. A bank with assets of over \$10 billion in both of the prior two calendar years would be required to report annually by April 1, in prescribed machine readable form, the aggregate number and amount of automobile loans and

the number and amount of those loans made to low- and moderate-income borrowers for each census tract in which they originated or purchased such loans.

§ .42(b)(3) Community development loan and community development investment data. A bank, except a small or an intermediate bank, would be required to report annually by April 1 the following community development loan and community development investment data: general information on loans and investments; community development loan or investment activity information; indicators of the impact of the activity; location information; other information relevant to determining that an activity meets the standards under community development; and allocation of dollar value of activity to counties served by the community development activity (if available).

§ .42(b)(4) Community development services data. A large bank with assets of over \$10 billion in both of the prior two calendar years would be required to report annually by April 1 community development services data including bank information.

§ .42(b)(5) Deposits data. A large bank with assets of over \$10 billion in both of the prior two calendar years would be required to report annually by April 1, in prescribed machine readable form, the deposits data for the previous calendar year including for each county, state, and multistate MSA and for the institution overall. The reporting would include the average annual deposit balances (calculated based on average daily balances as provided in statements such as monthly or quarterly statements, as applicable), in aggregate, of deposit accounts with associated addresses located in such county, state, or multistate MSA, where available, and for the institution overall.

§ .42(c) Data on operations subsidiaries or operating subsidiaries. To the extent that its operating subsidiaries engage in retail lending, retail services, community development financing, or community development services activities, a bank would be required to collect, maintain, and report these activities for purposes of evaluating the bank's performance. For home mortgage loans, a bank would need to be prepared to identify the loans reported by the operating subsidiary under 12 CFR part 1003, if applicable, or collect and maintain home mortgage loans by the operating subsidiary that the bank would have collected and maintained under § .42(a)(3) had the loans been originated or purchased by the bank.

§ .42(d) Data on other affiliates. A bank that elects to have loans by an affiliate considered for CRA evaluation purposes would be required to collect, maintain, and report the lending and investments data they would have collected, maintained, and reported under § .42(a) or (b) had the loans or investments been originated or purchased by the bank. For home mortgage loans, a bank would also need to identify the home mortgage loans reported by its affiliate under 12 CFR part 1003, if applicable, or collect and maintain home mortgage loans by the affiliate that the bank would have collected and maintained under § .42(a)(3) had the loans been originated or purchased by the bank.

§ .42(e) Data on community development financing by a consortium or a third party. A bank that elects to have community development loans and community development investments by a consortium or third party be considered for CRA evaluation purposes would be

required to collect, maintain, and report the lending and investments data the bank would have collected, maintained, and reported under § __.42(a)(5) and (b)(3) if the loans or investments had been originated or purchased by the bank.

§ __.42(f)(1) Facility-based assessment areas. A bank, except a small bank or intermediate bank, would be required to collect and report to the OCC by April 1 of each year a list of each facility-based assessment area showing the states, MSAs, counties or county equivalents, metropolitan divisions, and nonmetropolitan counties within each facility-based assessment area.

§ __.42(f)(2) Retail lending assessment areas. A large bank would be required to delineate retail lending assessment area based on geographic, MSA, and nonmetropolitan areas of states criteria specified in the proposal. A large bank would be required to collect and report a list showing the MSAs and nonmetropolitan counties within each retail lending assessment area by April 1 of each year.

§§ .43, .44 Public File and Public Notice. Banks would be required to maintain a public file, in either paper or digital format, that includes prescribed information. Banks would be required to provide copies on request, either on paper or in another form acceptable to the person making the request, of the information in its public file. A bank would also be required to provide in the public area of its main office and branches the public notice set forth in proposed appendix F.

3. Consideration of the use of improved information technology:

The OCC uses information technology to reduce compliance burden on banks and decrease costs to both the banks and the OCC.

4. Efforts to identify duplication:

Almost all of the information collected pursuant to the CRA regulation is not otherwise available. Where the OCC already collects information useful for CRA purposes, it has relied on the existing collection, rather than requiring banks and savings associations to provide the information 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.

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 OCC issued the collection of information for 60 days of comment as part of the proposed rule.

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. No personally identifiable information is collected.

12. Burden estimate:

Source and Type of Burden	Description	Estimated Number of Respondents	Average Estimated Time per Response	Frequency of Response	Total Estimated Annual Burden
Reporting					
§ __.26	<i>Wholesale and limited purpose banks.</i>	12	4	1	48
§ __.27	<i>Strategic plan.</i>	6	400	1	2,400
§ __.42(b)(1)	<i>Small business and small farm loan data.</i>	139	8	1	1,112
§ __.42(b)(2)	<i>Consumer loans—automobile loans data.</i>	50	8	1	400
§ __.42(b)(3)	<i>Community development loan and community development investment data.</i>	148	8	1	1,184
§ __.42(b)(4)	<i>Community development</i>	46	8	1	368

Source and Type of Burden	Description	Estimated Number of Respondents	Average Estimated Time per Response	Frequency of Response	Total Estimated Annual Burden
	<i>services data.</i>				
§ __.42(b)(5)	<i>Deposits data.</i>	46	8	1	368
§ __.42(c)	<i>Data on operating subsidiaries.</i>	174	38	1	6,612
§ __.42(d)	<i>Data on other affiliates.</i>	9	38	1	342
§ __.42(e)	<i>Data on community development financing by a consortium or a third party.</i>	31	17	1	527
§ __.42(f)(1)	<i>Facility-based assessment areas data.</i>	151	2	1	302
§ __.42(f)(2)	<i>Retail Lending Assessment Areas.</i>	139	4	1	556
Recordkeeping					
§ __.42(a)(1)	<i>Small business and small farm loan data</i>	139	219	1	30,441
§ __.42(a)(2)	<i>Consumer loan data – automobile loans</i>	50	75	1	3,750
§ __.42(a)(4)	<i>Retail services and products data.</i>	139	50	1	6,950
§ __.42(a)(5)	<i>Community development loan and community development investment data.</i>	148	300	1	44,400
§ __.42(a)(6)	<i>Community development services data.</i>	46	50	1	2,300
§ __.42(a)(7)	<i>Deposits data.</i>	46	350	1	16,100
Disclosures					
§ __.43	<i>Content and availability of public file.</i>	977	10	1	9,770
§ __.44	<i>Public notice by banks. _</i>				

Source and Type of Burden	Description	Estimated Number of Respondents	Average Estimated Time per Response	Frequency of Response	Total Estimated Annual Burden
Total Estimated Annual Burden					127,930

Cost of Hour Burden:

127,930 x \$ 114.17 = \$ 14,605,768.10

To estimate wages, the OCC reviewed May 2020 data for wages (by industry and occupation) from the U.S. Bureau of Labor Statistics (BLS) for credit intermediation and related activities (NAICS 5220A1). To estimate compensation costs associated with the rule, the OCC uses \$114.17 per hour, which is based on the average of the 90th percentile for six occupations adjusted for inflation (2 percent as of Q1 2021), plus an additional 33.4 percent for benefits (based on the percent of total compensation allocated to benefits as of Q4 2020 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:

Prior Burden: 113,351 hours
 Current Burden: 127,930 hours
 Difference: + 14,579 hours

The increase in burden is due to the changes made by the proposed rule.

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.