

**Supporting Statement for  
Leasing -- 12 CFR 23  
OMB Control No. 1557-0206**

**A. Justification.**

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

Under 12 CFR 23.4(c), national banks must liquidate or re-lease personal property that is no longer subject to lease (off-lease property) as soon as practicable and not later than five years from the date the bank acquires the legal right to possess or control the property. If a bank wishes to extend the five-year holding period for up to an additional five years, it must obtain OCC approval. Permitting a bank to extend the holding period may result in cost savings to national banks. It may also provide flexibility for a bank that experiences unusual or unforeseen conditions that would make it imprudent to dispose of the off-lease property. Twelve CFR 23.4(c) requires a bank seeking an extension to provide a clearly convincing demonstration as to why an additional holding period is necessary. In addition, a bank must value off-lease property at the lower of current fair market value or book value promptly after the property becomes off-lease property. These requirements enable the OCC to ensure that a bank is not holding the property for speculative reasons and that the value of the property is recorded in accordance with generally accepted accounting principles (GAAP).

Under 12 CFR 23.6, leases are subject to the lending limits prescribed by 12 U.S.C. 84, as implemented by 12 CFR part 32, or, if the lessee is an affiliate of the bank, to the restrictions on transactions with affiliates prescribed by 12 U.S.C. 371c and 371c-1 and Regulation W, 12 CFR part 223. The OCC may also determine that other limits or restrictions apply. Twelve U.S.C. 24 contains two separate provisions authorizing a national bank to acquire personal property for purposes of lease financing. A national bank may invest in personal property for purposes of lease financing under 12 U.S.C. 24(Seventh) (Section 24(Seventh) Leases) if the lease is a conforming lease, as defined in 12 CFR 23.2(d)(2), representing a noncancelable obligation of the lessee (i.e., the lease serves as the functional equivalent of a loan). See, 12 CFR 23.20. A national bank may also invest in tangible personal property for purposes of lease financing under the authority of 12 U.S.C. 24(Tenth) (CEBA Leases) if the lease is a conforming lease as defined in 12 CFR 23.2(d)(1), which requires, among other things, that the aggregate book value of the property not exceed 10 percent of the national bank's consolidated assets. See, 12 CFR 23.10.

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

National banks use the information to ensure their compliance with applicable Federal banking law and regulations and accounting principles. The OCC uses the information in conducting bank examinations and as an auditing tool to verify bank compliance with laws and regulations. In addition, the OCC uses national bank requests for permission to extend the holding period for off-lease property to ensure national bank compliance with relevant laws and regulations and to ensure bank safety and soundness.

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

Improved information technology is not useful in reducing the reporting burden because each filing is unique to the individual bank. However, the OCC would consider any request by a national bank to use improved information technology in these applications. To satisfy the recordkeeping requirements of this submission, banks may use any information technology that permits retrieval and review by OCC examiners.

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

The information collection is unique to the bank and the particular filing. It is not duplicated elsewhere.

**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 rule.

**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 OCC's bank supervisory activities and would limit the utility of the information to bank management. Less frequent collection could result in unsafe and unsound bank operations.

**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 OCC published a *Federal Register* notice regarding the extension of OMB approval of the information collection requirements in part 23 on January 18, 2022, 87 FR 2665. No comments were received.

**9. Payment to respondents:**

None.

**10. Any assurance of confidentiality:**

No assurance of confidentiality is given.

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

No questions of a sensitive nature are asked.

**12. Burden estimate:**

The OCC estimates the burden as follows:

Cite and Burden Type	Information Collection Requirements in 12 CFR part 23	Number of Respondents	Number of Responses	Average Hours Per Response	Estimated Burden Hours
12 CFR 23.4(c) Reporting	<i>Investment in personal property – Holding period</i> – At the expiration of the lease (including any renewals or extensions with the same lessee), or in the event of a default on a lease agreement prior to the expiration of the lease term, a national bank shall either liquidate the off-lease property or re-lease it under a conforming lease as soon as practicable. Liquidation or re-lease must occur not later than five years from the date that the bank acquires the legal right to possession or control of the property, except the OCC may extend the period for up to an additional five years, if the bank provides a clearly convincing demonstration why any additional holding period is necessary.	29	29	10	290 hours

**Cost per hour burden to respondents:**

**290 x \$114.17 = \$33,109.33**

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 annualized costs to respondents:**

None.

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

None.

**15. Changes in burden:**

Former burden:	562 burden hours
New burden:	290 burden hours
Difference:	- 272 burden hours

The decrease in burden is due to revisions to the burden methodology that better estimate the number of national banks expected to seek an extension of the five-year holding period for off-lease property under 12 CFR 23.4(c). In addition, the revised estimates do not include any burden estimates for the recordkeeping requirements to (1) promptly value off-lease property at the lower of current fair market value or book value or (2) distinguish between 24(Seventh) Leases and CEBA Leases. Both recordkeeping requirements are considered usual or customary business practices, and the former is a GAAP requirement. Therefore, the OCC does not expect the regulation's recordkeeping requirements to impose any additional burden.

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

The OCC has no plans to publish the data for statistical purposes.

**17. Display of expiration date.**

Not applicable.

**18. Exceptions to certification statement.**

None.

**B. Collections of Information Employing Statistical Methods.**

Not applicable.