

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

A. Justification.

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.

1. *Circumstances that make the collection necessary:*

Twelve CFR part 34, subpart B, § 34.22(a) and § 160.35(b) require 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 7.1024(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 requires 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. Twelve CFR 34.85 establishes the appraisal requirements for OREO held by institutions, with reference to the appraisal requirements in 12 CFR 34, subpart C, "Appraisals."

Twelve CFR 34.85 requires national banks and Federal savings associations to obtain an appraisal or evaluation, as appropriate, to substantiate the market value of each parcel upon transfer to OREO. If the institution has a valid and compliant appraisal or evaluation that was

previously obtained in connection with the underlying real estate loan, it does not need to obtain a new appraisal or evaluation to comply with these regulations.

Section 34.86 requires national banks and Federal savings associations 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 institution's total equity capital on its most recent report of condition.

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 for 60 days of comment concerning this collection on June 7, 2022, 87 FR 34756. No comments were received.

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:

Requirement	Citations	Number of Respondents	Burden Hours Per Respondent	Total Number Of Hours Annually
<i>Recordkeeping:</i> ARM loan documentation must specify indices to which changes in the interest rate will be linked	§34.22(a) §160.35(b)	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	1,413	30	42,390

Requirement	Citations	Number of Respondents	Burden Hours Per Respondent	Total Number Of Hours Annually
	§ 160.101			
<i>Recordkeeping:</i> Resolution stating plans for use of property	§7.1024(d)	6	5	30
<i>Recordkeeping:</i> Real estate evaluation policy to monitor OREO	§34.85	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 days before repossession, foreclosure, or acceleration of payments	§190.4(h)	42	2	84
TOTALS		1,413		193,857

Cost of Hour Burden

193,857 x \$119.63 = \$23,191.112.91

To estimate wages the OCC reviewed May 2021 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 \$119.63 per hour, which is based on the average of the 90th percentile for six occupations adjusted for inflation (6.1 percent as of Q1 2022), plus an additional 32.8 percent for benefits (based on the percent of total compensation allocated to benefits as of Q4 2021 for NAICS 522: credit intermediation and related activities).

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.