

**Supporting Statement for the
Notice of Branch Closure
(FR 4031; OMB No. 7100-0264)**

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), has extended for three years, without revision, the Notice of Branch Closure (FR 4031; OMB No. 7100-0264).¹ The reporting, recordkeeping, and disclosure requirements regarding the closing of any branch of an insured depository institution are contained in section 42 of the Federal Deposit Insurance Act (FDI Act), as supplemented by an interagency policy statement on branch closings. The Board uses the information in the FR 4031 to fulfill its statutory obligation to supervise state member banks (SMBs).

The estimated total annual burden for the FR 4031 is 317 hours.

Background and Justification

Section 42 of the FDI Act imposes reporting, recordkeeping, and disclosure requirements on insured depository institutions that propose to close any branch.² Additionally, in 1999, the Board, Office of the Comptroller of the Currency, and Federal Deposit Insurance Corporation issued a joint policy statement regarding branch closings by insured depository institutions.³ The policy statement incorporates notice procedures and provides for banks to inform customers in affected areas of their ability to comment on a particular branch closing. The federal banking agencies also clarified in the policy statement that main offices, remote service facilities, loan production offices, and insured branches of foreign banks are not branches for purposes of section 42 of the FDI Act. This information is not available from other sources.

Description of Information Collection

There are several requirements associated with this information collection. Each insured depository institution must adopt a policy regarding the closing of its branches.⁴ When a branch is scheduled for closing, the insured depository institution must notify both its regulator and its customers of the proposed closure.⁵ The agencies examine institutions for compliance with these requirements and may make adverse examination findings or take enforcement actions for failure to comply.

¹ There is no formal reporting form for this information collection; insured state member banks notify their appropriate Reserve Bank by letter prior to closing a branch. The FR 4031 designation is for internal purposes only.

² 12 U.S.C. § 1831r-1.

³ See 64 FR 34844 (June 29, 1999). The insured depository institutions that the Board is responsible for supervising are SMBs.

⁴ 12 U.S.C. § 1831r-1(c).

⁵ 12 U.S.C. §§ 1831r-1(a) and (b).

Insured SMBs must report any proposed branch closing to the appropriate Federal Reserve Bank no later than 90 calendar days prior to the date of the proposed branch closing. The report must include the following information:

- identification of the branch to be closed,
- proposed date of closing,
- detailed statement of the reasons for the decision to close the branch, and
- statistical or other information in support of such reasons consistent with the institution's written policy for branch closings.

The insured SMB also must notify branch customers of the proposed closing no later than 90 calendar days prior to the date of the proposed branch closing by including a notice in a regular account statement or in a separate mailing and by posting a notice in the branch to be closed.⁶ The customer notice should state the location of the branch to be closed and the proposed date of closing, and either identify alternative sites where customers may obtain service following the closing date or provide a telephone number for customers to call to determine such alternative sites. If the institution is an interstate bank and the branch is located in a low- or moderate-income area, the customer notice must also contain the mailing address of the appropriate Federal Reserve Bank and a statement that comments on the proposed branch closing may be mailed to that Federal Reserve Bank.

Respondent Panel

The FR 4031 panel comprises insured SMBs.

Frequency

The FR 4031 is event-generated.

Time Schedule for Information Collection

At least 90 calendar days prior to the proposed date of the branch closure, an insured SMB must advise its Federal Reserve Bank of the closing and send a notice to the branch's customers. At least 30 calendar days before the closing date, the insured SMB must post a notice in the branch to be closed. Customer notices and the institution's branch closing policy are generally not submitted to the regulator.

Public Availability of Data

No data collected by this information collection are published.

Legal Status

The FR 4031 is authorized pursuant to section 42(a)(1) of the FDI Act (12 U.S.C. § 1831r-1(a)(1)), which requires insured depository institutions to submit notices to the appropriate

⁶ 12 U.S.C. § 1831r-1(b).

Federal banking agency related to proposed branch closures, and section 11 of the Federal Reserve Act (12 U.S.C. § 248(a)), which authorizes the Board to require state member banks to submit information as the Board deems necessary. The requirements associated with FR 4031 are mandatory.

Generally, information collected pursuant to the FR 4031 is not considered to be confidential. However, an insured state member bank may request confidential treatment pursuant to exemption 4 of the Freedom of Information Act, which protects trade secrets and privileged or confidential commercial or financial information (5 U.S.C. § 552(b)(4)).

Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

Public Comments

On October 13, 2022, the Board published an initial notice in the *Federal Register* (87 FR 62100) requesting public comment for 60 days on the extension, without revision, of the FR 4031. The comment period for this notice expired on December 12, 2022. The Board did not receive any comments. The Board adopted the extension, without revision, of the FR 4031 as originally proposed. On January 27, 2023, the Board published a final notice in the *Federal Register* (88 FR 5341).

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR 4031 is 317 hours. An insured SMB has reporting and disclosure obligations each time it closes a branch. The recordkeeping burden for adopting a branch closing policy is a one-time burden incurred by an institution when it opens its first branch. Based on the number of notifications received from 2019 through 2021, the Board estimates that each year, on average, 103 insured SMBs are affected by the reporting and third-party disclosure requirements and very few, if any, additional insured SMBs are affected by the recordkeeping requirements. These reporting, recordkeeping, and disclosure requirements represent less than 1 percent of the Board's total paperwork burden.

FR 4031	<i>Estimated number of respondents⁷</i>	<i>Estimated annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated annual burden hours</i>
Reporting				
Regulatory notice	103	1	2.00	206
Recordkeeping				
Adoption of policy	1	1	8.00	8
Disclosure				
Customer mailing	103	1	0.75	77
Posted notice	103	1	0.25	<u>26</u>
	<i>Total</i>			317

The estimated total annual cost to the public for this collection of information is \$19,163.⁸

Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

The estimated cost to the Federal Reserve System for collecting and processing this information collection is \$21,800.

⁷ Of these respondents, 17 respondents are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$600 million in total assets), <https://www.sba.gov/document/support-table-size-standards>. There are no special accommodations given to mitigate the burden on small institutions.

⁸ Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$21, 45% Financial Managers at \$74, 15% Lawyers at \$71, and 10% Chief Executives at \$102). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), *Occupational Employment and Wages, May 2021*, published March 31, 2022, <https://www.bls.gov/news.release/ocwage.t01.htm>. Occupations are defined using the BLS Standard Occupational Classification System, <https://www.bls.gov/soc/>.