

**SUPPORTING STATEMENT
REAL ESTATE LENDING STANDARDS
(OMB Control No. 3064-0112)**

INTRODUCTION

The FDIC is requesting OMB approval of the three-year extension, without change, of its collection of information entitled “Real Estate Lending Standards” (OMB Control No. 3064-0112) which consists of recordkeeping requirements contained in the FDIC Rules and Regulations at 12 CFR Part 365. There is no change in the method or substance of the collection which currently expires on July 31, 2023.

A. JUSTIFICATION

1. Circumstances that make the collection necessary:

Section 1828(o) of the Federal Deposit Insurance Act requires each federal banking agency to adopt uniform regulations prescribing real estate lending standards. Part 365 of the FDIC Rules and Regulations, which implements section 1828(o), requires institutions to have real estate lending policies that include (a) limits and standards consistent with safe and sound banking practices; (b) prudent underwriting standards, including loan-to-value ratio (LTV) limits that are clear and measurable; (c) loan administration policies; (d) documentation, approval and reporting requirements; and (e) a requirement for annual review and approval by the board of directors. The rule also establishes supervisory LTV limits and other underwriting considerations in the form of guidelines. Since FDIC-supervised banks and savings associations generally have written policies on real estate lending, the additional burden imposed by this regulation is limited to modifications to existing policies necessary to bring those policies into compliance with the regulation and the development of a system to report loans in excess of the guidelines to the board of directors.

2. Use of the information:

Institutions will use the lending policies to guide their lending operations in a manner that is consistent with safe and sound banking practices and appropriate to their size and nature and scope of their operations. These policies should address certain lending considerations, including loan-to-value limits, loan administration policies, portfolio diversification standards, and documentation, approval, and reporting requirements. The agencies will use this information in their examination of institutions to ensure that the real estate loans made by those institutions are consistent with existing statutory and regulatory criteria, with principles of safety and soundness, and with relevant institution lending standards policy.

3. Consideration of the use of improved information technology:

FDIC-supervised institutions may use any technology they wish in order to lessen the burden of meeting this recordkeeping requirement.

4. Efforts to identify duplication:

There is no duplication. Each FDIC-supervised institution must adopt lending standards and policies tailored to their particular lending operations.

5. Methods used to minimize burden if the collection has a significant impact on substantial number of small entities:

All FDIC-supervised institutions, large and small, are subject to the same statutory requirements. Small insured state nonmember banks and state savings associations generally have a narrower range of real estate loan products and a less complex loan portfolio and loan approval process. The loan policy required is commensurate with the type and complexity of the loans granted by the institutions.

6. Consequences to the Federal program if the collection were conducted less frequently:

Less frequent collection would hinder the FDIC's ability to assess the safety and soundness of FDIC-supervised institutions and take corrective action as needed.

7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320.5(d)(2):

None. This information collection is conducted in accordance with the guidelines in 5 CFR 1320.5(d)(2).

8. Efforts to consult with persons outside the agency:

The FDIC published a notice in the *Federal Register* seeking comment for a 60-day period on renewal of this information collection on March 22, 2023 (88 FR 17222). No comments were received.

9. Payments or gifts to respondents:

None.

10. Any assurance of confidentiality:

Information will be kept private to the extent allowed by law.

11. Justification for questions of a sensitive nature:

No information of a sensitive nature is requested.

12. Estimate of hour burden including annualized hourly costs:

Summary of Estimated Annual Burden (OMB No. 3064-0112)					
Information Collection (Obligation to Respond)	Type of Burden (Frequency of Response)	Number of Respondents	Number of Responses per Respondent	Time per Response (HH:MM)	Annual Burden (Hours)
1. Real Estate Lending Standards, 12 CFR 365 (Mandatory)	Recordkeeping (Annual)	3,086	1	20:00	61,720
Total Annual Burden (Hours):					61,720
Source: FDIC.					

Total Estimated Cost Burden (OMB No. 3064-0112)			
Information Collection Request	Annual Burden (Hours)	Weighted Average Hourly Compensation Rate	Annual Respondent Cost
Real Estate Lending Standards	61,720	\$97.37	\$6,009,676
Total Annual Respondent Cost:			\$6,009,676
Source: FDIC.			

13. Estimate of start-up costs to respondents:

None.

14. Estimate of annualized costs to the government:

None

15. Analysis of change in burden:

There is no change in the substance or methodology of this information collection. The change in burden is due solely to the decrease in the estimated number of respondents by 258 from the estimated 3,344 annual respondents in the currently approved information collection to the current estimate of 3,086. The decrease in estimated respondents is the result of the drop in the total number of FDIC-supervised institutions.

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

The results of this collection will not be published for statistical use.

17. Display of expiration date:

This information collection involves recordkeeping requirements only. The expiration date of the information collection is readily available at www.reginfo.gov¹.

18. Exceptions to Certification

None.

B. Collection of Information Employing Statistical Methods

Not Applicable.

¹ <https://www.reginfo.gov/public/Forward?SearchTarget=PRA&textfield=3064-0112>.