

Supporting Statement
Federal Deposit Insurance Corporation
Community Reinvestment Act
OMB Control Number 3064-0092

INTRODUCTION

The Federal Deposit Insurance Corporation (FDIC) requests OMB approval to revise the above-captioned collection of information in connection with a Final Rule issued by the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC) and the Board of Governors of the Federal Reserve System (Board) (collectively, the Agencies).¹

A. JUSTIFICATION

1. Circumstances That Make the Collection Necessary

The Community Reinvestment Act (CRA) requires the Agencies to assess the record of banks and thrifts in helping meet the credit needs of their entire communities, including low- and moderate-income neighborhoods, consistent with safe and sound operations; and to take this record into account in evaluating applications for mergers, branches, and certain other corporate activities. Further, the CRA statute requires the Agencies to issue regulations to carry out its purposes.²

The data collection requirements in the CRA regulations are necessary for the agencies to examine, assess, and assign a rating to an institution's CRA performance and to prepare the public section of the CRA performance evaluation.

2. Use of the Information

The Agencies use the information to assess each institution's record of helping to meet the credit needs of its entire community. The Agencies use the data to support their conclusions regarding an institution's record of performance, in assigning a rating, and in preparing the written public evaluations that the statute requires when an institution is examined. Additionally, judgments based on these data are used in evaluating an institution's applications for mergers, branches, and other corporate activities. The public uses this information to assess independently the institution's CRA performance and to participate meaningfully in the application process.

The CRA requires the agencies to assess the record of regulated financial institutions (institutions) in helping to meet the credit needs of their entire communities, including low- and moderate-income neighborhoods, consistent with safe and sound operations. The CRA further requires the agencies to take this record into account in evaluating applications for mergers, branches, and certain other corporate activities.³ The CRA statute requires the agencies to issue regulations to carry out its purposes.⁴

¹ 89 FR _____, February 1, 2024

² 12 U.S.C. 2905

³ 12 U.S.C. 2903.

⁴ 12 U.S.C. 2905.

3. Consideration of the Use of Improved Information Technology

The Agencies use information technology to reduce compliance burden on institutions and decrease costs to both the institutions and the Agencies. To help alleviate the burden and expense of geocoding loans, the Federal Financial Institutions Examination Council (FFIEC) provides a geocoding utility free-of-charge on its web site. This program enables an institution to enter the address of a given property and quickly obtain the information needed to geocode the property. This site also provides demographic data about each property; it has been used extensively by financial institutions and the public.

The Agencies also developed Windows®-based software that helps institutions comply with the requirements to maintain CRA loan data in a machine-readable form. The Agencies provide this software annually at no charge to institutions. Additionally, an institution may use any other information technology available that meets the Agencies' specifications. The Agency-provided software includes encrypted Internet transmission capability (for year-end reporting) and on-line help guides that provide information about data-reporting requirements. The Agencies also provide an automated assistance line and a fully automated fax-retrieval system that delivers a wide array of materials, usually within 30 minutes of a request.

In addition, the Agencies provide access via the Internet to reports that institutions and examiners can use to analyze performance to date throughout the calendar year. The Agencies also make the information available to the public and institutions using the FFIEC web site. By using information technology, the Agencies are able to facilitate the data collection and reduce compliance costs.

4. Efforts to Identify Duplication

The information pertains to institution-specific activities and lines of business in particular geographic areas. It supports institution-specific requests for approval of strategic plans and certain applications. As described in Item 1 above, where the Agencies already collect information useful for CRA purposes, they have relied on the existing collection, rather than requiring that the information be provided in a different format. In addition, the agencies work with the Consumer Financial Protection Bureau to limit duplication as the Bureau implements a new Section 1094 of the Dodd-Frank Act, which specifies additional and different small business data collection requirements.

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

Small institutions are subject to only very modest burden under the CRA regulations. Most of the reporting and recordkeeping requirements in the regulations do not apply to small institutions. A small institution must comply only with the requirement to maintain a public file and make disclosures of that file upon request.

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

The regulations require an annual report from large institutions by March 1 of the prior calendar year's data. Reporting less frequently would lessen the utility of the data for both the public and the Agencies. A comparison, at least annually, of an institution's performance with that of other lenders in similar situations is a critical component in the CRA evaluative process. The Agencies expect, however, that institutions will add data to their in-house files at regular intervals throughout the year, making entries as usual and customary.

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

None. The information is collected in a manner consistent with 5 CFR 1320.5(d)(2).

8. Efforts to consult with persons outside the agency

On June 3, 2022, the Agencies published a notice of proposed rulemaking in the *Federal Register* seeking comment for a 90-day period (87 FR 33884). The agencies received four comments that appear to relate to the PRA addressing the agencies' estimated burden costs on the information collection requirements of the proposed rule.

One commenter stated that the proposal would generally require considerable additional resources for implementation and ongoing costs to manage their CRA programs under the proposed rule. The commenter estimated that it could incur implementation costs of \$150,000. This commenter also believed that complying with the proposed rule would require substantially more time than the estimated yearly burden of 80 hours per year. Another commenter stated that the costs associated with implementing the proposal would be significantly greater than the agencies had estimated and could require significant investments at covered institutions, potentially including hiring several additional full-time employees. This commenter requested that the agencies provide a more detailed explanation of their estimations of the proposed rule's costs. Another commenter believed the estimated burden of 80 hours per year was very low, suggesting that another 500 hours, minimum, would be required for compliance. The commenter stated that the proposed rule is complex and would require significant investment by covered institutions to achieve compliance. An additional commenter stated that the agencies provided insufficient support for their burden estimates. This commenter requested that the agencies provide more details on the breakdown of estimated compliance costs and an analysis of how the potential costs might impact economic output.

As discussed in the Final Rule preamble, the agencies incorporated a number of changes into the final rule as a result of public comments received regarding compliance burden. The agencies have carefully reviewed their burden associated with recordkeeping, reporting, and disclosure for each section of the rule in light of these changes to the final rule and in consideration of the comments received. The agencies note that, consistent with the PRA, the PRA burden estimates reflect only the burden related to recordkeeping, reporting, and disclosure requirements in the final rule. PRA burdens, like compliance costs, may vary across institutions, and the agencies' PRA burden estimates are meant to be overall averages. The agencies do not have detailed data that would permit the agencies to precisely estimate the quantitative effect of the final rule for every type of institution. Accordingly, the burden estimates are shown based on the agencies' extensive experience with CRA compliance and estimating associated burden. The agencies estimated the associated burden by referencing the number of entities supervised by each agency

and estimating the frequency of response and the time per response. The agencies believe the estimates of burden hours are reasonable considering the recordkeeping, reporting, and disclosure requirements of the final rule.

9. Payment or Gift to Respondents

None.

10. Any Assurance of Confidentiality

No assurance of confidentiality is made. A primary purpose for collection of CRA data is disclosure to the public. Data are aggregated to limit concerns about disclosure of any individual transaction.

11. Justification for Questions of a Sensitive Nature

There are no questions of a sensitive nature.

12. Burden Estimate

The information collection requirements contained in the Final Rule are as follows:

Reporting Requirements

§ 345.14(b)(1) Request for confirmation of eligibility. A bank may request that the Board, FDIC, or OCC, confirm, in the format prescribed by that agency, that a loan, investment, or service is eligible for community development consideration.

§ 345.26 Bank request for designation as a limited purpose bank. Banks requesting a designation as a limited purpose bank must file a request in writing with the appropriate Federal financial supervisory agency at least 90 days prior to the proposed effective date of the designation.

§ 345.27 Strategic plan. Any bank may have its record of helping meet the credit needs of its entire community evaluated under a strategic plan, provided the appropriate Federal financial supervisory agency has approved the plan, the plan is in effect, and the bank has been operating under an approved plan for at least one year. Section 345.27 of the final rule sets forth the requirements for strategic plans, including the term of a plan; the treatment of multiple assessment areas; the treatment of operations subsidiaries or operating subsidiaries, as applicable, and affiliates that are not operations subsidiaries or operating subsidiaries; justification requirements; public participation; submission; content; and required amendments due to a change in material circumstances. Additionally, during the term of a plan, a bank could request that the appropriate Federal financial supervisory agency approve an amendment to the plan in the absence of a change in material circumstances. A bank that requests such an amendment must provide an explanation regarding why it is necessary and appropriate to amend its plan goals.

§ 345.42(b)(1) Small business loan and small farm loan data. A large bank must report annually by April 1 in prescribed electronic form, certain aggregate data for the prior calendar

year for small business loans or small farm loans for each census tract in which the bank originated or purchased such loans.

§ 345.42(b)(2) Community development loans and community development investments data.

A large bank and a limited purpose bank that would be a large bank based on the asset size described in the definition of a large bank, must report annually by April 1 in prescribed electronic form the following community development loan and community development investment data for the prior calendar year: general information on community development loans and community development investments; specific information on the community development loan or investment; indicators of the impact and responsiveness of the loan or investment; allocation of the dollar volume of the community development loan or community development investment to geographic areas served by the loan or investment; 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).

§ 345.42(b)(3) Deposits data. A large bank with assets greater than \$10 billion must report annually by April 1 in prescribed electronic form deposits data for the previous calendar year including for each county, State, and multistate MSA and for the institution overall. The reporting includes 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. Any other bank that opts to collect and maintain deposits data must report these data in the same form and for the same duration as described in this paragraph. A bank that reports deposits data for which a deposit location is not available must report these deposits at the nationwide area.

§ 345.42(c) Data on operations subsidiaries or operating subsidiaries. To the extent that its operations subsidiaries, or operating subsidiaries, as applicable, engage in retail banking services, retail banking products, community development lending, community development investments, or community development services, a bank must collect, maintain, and report data for these activities for purposes of evaluating the bank's performance. For home mortgage loans, a bank must be prepared to identify the loans reported by the operations subsidiary, or operating subsidiary, under 12 CFR part 1003, if applicable, or collect and maintain home mortgage loans by the operations subsidiary or operating subsidiary that the bank would have collected and maintained under § 345.42(a)(3) had the loans been originated or purchased by the bank.

§ 345.42(d) Data on other affiliates. A bank that elects to have retail banking services, retail banking products, community development lending, community development investments, or community development services engaged in by an affiliate (that is not an operations subsidiary or operating subsidiary) considered for purposes of this part must collect, maintain, and report the loans and investments, services, or products the bank would have collected, maintained, and reported under § 345.42(a) and (b) had the loans, investments, services, or products been engaged in by the bank. For home mortgage loans, the bank must be prepared 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 § 345.42(a)(3) had the loans been originated or purchased by the bank.

§ 345.42(e) Data on community development loans and community development investments 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 purposes

of this part must collect, maintain, and report the lending and investments data they would have collected, maintained, and reported under § 345.42(a)(5) and (b)(2) if the loans or investments had been originated, purchased, refinanced, or renewed by the bank.

§ 345.42(f)(1) Facility-based assessment areas. A large bank and a limited purpose bank that would be a large bank based on the asset size criteria described in the definition of a large bank must collect and report by April 1 of each year a list of each facility-based assessment area showing the States, MSAs, and counties that make up each facility-based assessment area, as of December 31 of the prior calendar year, or the last date the facility-based assessment area was in effect, provided the facility-based assessment area was delineated for at least six months of the prior calendar year.

§ 345.42(f)(2) Retail lending assessment areas. A large bank with one or more retail lending assessment area delineated pursuant to § 345.17 must collect and report each year by April 1 a list of retail lending assessment area showing the States, MSAs and counties in the retail lending assessment area for the prior calendar year.

Recordkeeping Requirements

§ 345.42(a)(1) Small business loans and small farm loans data. A large bank must collect and maintain in prescribed electronic form, until the completion of its next CRA examination in which the data are evaluated, data on small business loans and small farm loans originated or purchased by the bank during the evaluation period.

§ 345.42(a)(2) Consumer loans data— automobile loans. A large bank for which automobiles are a product line must collect and maintain in prescribed electronic form, until the completion of the bank's next CRA examination in which the data are evaluated, data on automobile loans originated or purchased by the bank during the evaluation period. A small or intermediate bank for which automobiles are a product line may collect and maintain the same automobile loan data in a format of the bank's choosing, including in an electronic form prescribed by the appropriate Federal financial supervisory agency, until the completion of the bank's next CRA examination in which the data are evaluated.

§ 345.42(a)(3) Home mortgage loans. A large bank subject to 12 CFR part 1003 must collect and maintain in prescribed electronic form, until the completion of the bank's next CRA examination in which the data are evaluated, data on home mortgage loan applications, originations, and purchases outside the MSAs in which the bank has a home or branch office (or outside any MSA) pursuant to the requirements in 12 CFR 1003.4(e). A large bank that is not subject to 12 CFR part 1003 due to the location of its branches, but would otherwise meet the HMDA size and lending activity requirements pursuant to 12 CFR part 1003, must collect and maintain in electronic form, until the completion of the bank's next CRA examination in which the data are evaluated, data on closed-end home mortgage loan, excluding multifamily loans, originated or purchased during the evaluation period.

§ 345.42(a)(4) Retail banking services and retail banking products data. A large bank must collect and maintain in prescribed electronic form until the completion of its next CRA examination in which the data are evaluated, data on their retail banking services and retail banking products. These data include data regarding the bank's main offices, branches, and remote service facilities, and information with respect to retail banking services and retail banking products offered and provided by the bank during the evaluation period. Large banks with assets greater than \$10 billion, large banks with assets of less than or equal to \$10 billion that do not operate any branches, and large banks that request additional consideration for digital

delivery systems and other delivery systems, must collect and maintain data on the range of services and products offered through those systems and digital and other delivery systems activity by individuals, families, or households in low-, moderate-, middle-, and upper-income census tracts. Large banks may also submit any additional information not required that demonstrates that their digital delivery systems and other delivery systems serve the needs of low- and moderate-income individuals, families, or households and low- and moderate-income census tracts. Large banks with assets greater than \$10 billion or large banks with assets of less than or equal to \$10 billion that request additional consideration for deposit products responsive to the needs of low- and moderate income individuals, families, or households must collect and maintain data including the number of responsive deposit products opened and closed in low-, moderate-, middle-, and upper-income census tracts, as well as the percentage of responsive deposit accounts in comparison to total deposit accounts. Pursuant to § 345.42(a)(4), a bank may opt to collect and maintain additional data not required that demonstrates that digital delivery systems and other delivery systems serve low- and moderate-income individuals, families, or households and low- and moderate-income census tracts and any other information that demonstrates the availability and usage of the bank's deposit products responsive to the needs of low- and moderate-income individuals, families, or households and low- and moderate-income census tracts in a format of the bank's own choosing.

§ 345.42(a)(5) Community development loans and community development investments data.

A large bank, a limited purpose bank that would be a large bank based on the asset size criteria described in the definition of a large bank, and an intermediate bank that opts to be evaluated under the Community Development Financing Test, must collect and maintain until the completion of its next CRA examination in which the data are evaluated, the following data for community development loans and community development investments originated, purchased, refinanced, renewed, or modified by the bank: general information on community development loans and community development investments; specific community development loan or investment information; indicators of the impact and responsiveness of the loan or investment; allocation of the dollar volume of the community development loan or community development investment to geographic areas served by the loan or investment; location information; and other information relevant to determining that an activity meets the standards of a community development loan or community development investment. Large banks must collect and maintain this information in prescribed electronic form while an intermediate bank that opts to be evaluated under the Community Development Financing Test, must collect and maintain this information in the format used by the bank in the normal course of business.

§ 345.42(a)(6) Community development services data. A large bank must collect and maintain in a format of the bank's choosing or in a standardized format provided by the agencies until the completion of its next CRA examination in which the data are evaluated, community development services data including community development services information, indicators of the impact and responsiveness of the activity, and location information.

§ 345.42(a)(7) Deposits data. A large bank with assets greater than \$10 billion must collect and maintain annually in prescribed electronic form until the completion of its next CRA examination in which the data are evaluated, the dollar amount of its deposits at the county level based on deposit location. The bank allocates the deposits for which a deposit location is not available to the nationwide area. Annual deposits must be calculated based on average daily balances as provided in statements such as monthly or quarterly statements. Any other bank that opts to collect and maintain deposits data must collect and maintain the data in the same form

and for the same duration as described in this paragraph in prescribed electronic form, until the completion of the bank’s next CRA examination in which the data are evaluated.

Disclosure Requirements

§§ 345.43, 345.44. Content and availability of public file and public notice by banks. Banks must maintain a public file, in either paper or digital format, which includes the information prescribed in each part. Banks are required to provide copies on request, either on paper or in another form acceptable to the person making the request, of the information in the bank’s public file. A bank is also required to provide in the public area of its main office and branches the public notice set forth in appendix F.

Summary of Burden:

Source and Type of Burden	Description	Estimated Number of Respondents	Average Estimated Time per Response	Total Estimated Annual Burden (Hours)
Reporting				
§ 345.26	<i>Limited purpose banks.</i>	1	4	4
§ 345.27	<i>Strategic plan.</i>	14	400	5,600
§ 345.42(b)(1)	<i>Small business and small farm loan data.</i>	251	8	2,008
§ 345.42(b)(2)	<i>Community development loan and community development investment data.</i>	265	8	2,120
§ 345.42(b)(3)	<i>Deposits Data</i>	52	8	416
§ 345.42(c)	<i>Data on operations subsidiaries/operating subsidiaries.</i>	176	38	6,688
§ 345.42(d)	<i>Data on other affiliates.</i>	208	38	7,904
§ 345.42(e)	<i>Data on community development financing by a consortium or a third party.</i>	15	17	425
§ 345.42(f)(1)	<i>Facility-based assessment areas data.</i>	265	2	530
§ 345.42(f)(2)	<i>Retail Lending Assessment Areas.</i>	49	4	196
§ 345.14(b)(1)	<i>Request for confirmation of eligibility</i>	80	8	640
Recordkeeping				

Source and Type of Burden	Description	Estimated Number of Respondents	Average Estimated Time per Response	Total Estimated Annual Burden (Hours)
§ 345.42(a)(1)	<i>Small business and small farm loan data</i>	251	219	29,346
§ 345.42(a)(2)	<i>Consumer loan data – automobile loans</i>	2	75	150
§ 345.42(a)(3)	<i>Home Mortgage Loans</i>	28	8	224
§ 345.42(a)(4)	<i>Retail banking services and retail banking products data.</i>	252	50	12,600
§ 345.42(a)(5)	<i>Community development loan and community development investment data.</i>	266	300	79,800
§ 345.42(a)(6)	<i>Community development services data.</i>	251	50	12,500
§ 345.42(a)(7)	<i>Deposits data.</i>	52	350	18,200
Disclosures				
§ 345.43	<i>Content and availability of public file.</i>			
§ 345.44	<i>Public notice by banks.</i>	3,012	10	30,120
Total Estimated Annual Burden				234,974
<p>Notes: The FDIC recognizes burden for §345.42(a)(3)(i) under its existing information collection regarding the Home Mortgage Disclosure Act (OMB Control No. 3064-0046.)</p> <p>§ 345.42(b)(3), § 345.42(a)(2), § 345.42(a)(5), and § 345.42(a)(7) have burdens associated with optional or voluntary compliance. The agencies are estimating burden for optional or voluntary compliance with § 345.42(b)(3), § 345.42(a)(2), § 345.42(a)(5), and § 345.42(a)(7) by adding one respondent to the Estimated Number of Respondents.</p> <p>Frequency of Response is one (1) for all ICs.</p>				

Cost of Hour Burden:

$$234,974 \text{ hours} \times \$ 128.05 = \$30,088.421$$

To estimate wages the FDIC uses May 2022 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 FDIC uses \$128.05 per hour, which is based on the average of the 90th percentile for six occupations adjusted for inflation (5.1 percent as of Q1 2023), plus an additional 34.3 percent for benefits (based on the percent of total compensation allocated to benefits as of Q4 2022 for NAICS 522: credit intermediation and related activities).

13. Estimate of start-up costs to respondents

All costs of this collection to the respondents are presented in Item 12. No capital outlay is required. The Agencies provide suitable software for almost every computer application. However, some institutions may choose, for reasons they deem appropriate to their businesses, to develop their own software or purchase other software from commercial firms.

14. Estimate of annualized cost to the government

The Federal Reserve Board, on behalf of the FFIEC agencies, processes all CRA data used by the institutions to collect their reportable data. The agencies contribute to pay the costs. The FDIC's current annual allocation is \$421,367.

15. Analysis of change in burden

Total estimated annual burden decreased from 321,582 hours to 234,974. The reduction in burden is due to changes in the regulation implemented by the final rule and an adjustment in the agency's estimate of the frequency of response and time per response for information collection requirements contained in various provisions of the regulation that were not changed in the final rule. Lastly, there was a reduction in the number of respondents due to a corresponding reduction in the number of FDIC-supervised entities.

16. Information regarding collections whose results are planned to be published

The agencies prepare – for each MSA and the non-MSA portion of each state – an annual aggregate report and disclosure statement of the reported data. The FFIEC makes these aggregate statements and the individual institutions' disclosure statements available to the public on the FFIEC web site.

17. Exceptions to Display of expiration date

No exceptions are requested.

18. Exceptions to certification

None.

B. Collections of information employing statistical methods

Not applicable.