

**Office of Thrift Supervision  
Supporting Statement  
Community Reinvestment Act  
OMB Control Number 1550-0012**

**A. JUSTIFICATION**

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

The Community Reinvestment Act (CRA) regulation requires the Office of Thrift Supervision, as well as the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), and the Federal Deposit Insurance Corporation (FDIC) (collectively, the Agencies), to evaluate and assign ratings to the efforts of institutions to help meet the credit needs of their communities, including low- and moderate-income neighborhoods, consistent with safe and sound banking practices. OTS uses the information in the examination process and 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. 12 U.S.C. 2905.

The Agencies must provide written CRA evaluations of the institutions they supervise. The public portions of each written evaluation must present the agency's conclusions with respect to the CRA performance standards identified in its regulations; include the facts and data supporting those conclusions; and contain the institution's CRA rating and the basis for that rating. The conclusions with respect to each performance standard (together with supporting facts and data) must be presented separately for each metropolitan area in which the institution maintains one or more domestic branch. If the institution has interstate branches, the appropriate agency must prepare separate written evaluations for each state in which the institution has a branch. This state-specific evaluation must present information separately for each metropolitan area where the institution has a branch and for the rest of the non-metropolitan area of the state, if the institution has a branch in the non-metropolitan area. If the institution has a branch in a multistate metropolitan area, the agency must prepare a separate written evaluation of the institution's record of performance in that multistate metropolitan area. 12 U.S.C. 2906.<sup>[1]</sup>

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 written CRA performance evaluation. The Agencies made significant revisions to the CRA regulations in 1995. As a result, the CRA regulations emphasize performance over paperwork and eliminate unnecessary documentation of policies, procedures, and CRA contacts. By stating clearly what they use to assess CRA performance, the Agencies eliminated regulatory incentives for an

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<sup>[1]</sup> The requirements for separate evaluations by state, by metropolitan and non-metropolitan areas within each state, and by multistate metropolitan area were added to the statute by the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, Pub. L. 103-328, 108 Stat. 2338 (1994).

institution to maintain voluminous records solely for the purpose of demonstrating compliance to the regulator. In addition, where feasible, the Agencies tailored the data collection requirements so that institutions could rely on data that were already available (for example, Home Mortgage Disclosure Act (HMDA) data). Finally, the regulations provide evaluation criteria that vary appropriately with the size and business strategy of the institution. In addition to the authority under the CRA, OTS also relies on its general rulemaking authority at 12 U.S.C. 1462a, 1463, and 1464.

OTS regulations at 12 CFR Part 563e implement the CRA and impose the data collection requirements described below. By way of a final rule soon to be published in the Federal Register, OTS revised the definition of “small savings association” under its CRA regulations. Under the revised definition, “small savings association” means a savings association with total assets of less than \$1 billion, regardless of holding company assets size. This change permits additional small savings associations to be subject to streamlined examinations as well as reduced data collection and reporting burdens under the CRA. This change is also consistent with OTS’s ongoing efforts to identify and reduce regulatory burden, particularly for smaller institutions. This change, however, does not relieve small savings associations from other existing and ongoing compliance requirements or legal obligations under the CRA.

## **2. Use of the information**

OTS uses the data collected under the CRA regulations to fulfill its obligations under the statute, including the assessment of each institution’s record of helping to meet the credit needs of its entire community. OTS uses the data to support its 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.

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

OTS uses information technology to reduce compliance burden on institutions and decrease costs to both the institutions and OTS.

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 (<http://www.ffiec.gov>). This program enables an institution to enter the address of a given property and obtain the information needed to geocode the property very quickly. This site also provides demographic data about each property, and 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 and 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 the 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. For instance, the Board, on behalf of the FFIEC, compiles aggregate CRA and HMDA data, which are posted on the FFIEC web site at the following links.

#### Aggregate Reports

<http://www.ffiec.gov/craadweb/aggregate.aspx>

#### Disclosure Reports

<http://www.ffiec.gov/craadweb/DisRptMain.aspx>

#### National Aggregate Reports

<http://www.ffiec.gov/craadweb/national.aspx>

By using information technology, the Agencies are able to facilitate compliance with the regulation and reduce an institution's compliance costs.

### **4. Efforts to identify duplication**

The information collected under OTS's CRA regulations 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. For these reasons, almost all of the information collected pursuant to the CRA regulations is not otherwise available. As described in Item 1 of this Statement, where OTS already collects information useful for CRA purposes, OTS has relied on the existing collection, rather than requiring that the information be provided in a different format.

### **5. Methods used to minimize burden on small entities**

Small institutions, that is, those institutions with assets of less than \$1 billion, 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, however, comply 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 OTS. OTS believes that 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. OTS expects, however, that institutions will add data to their in-house files at regular intervals throughout the year, making entries as usual and customary and in conformance with generally accepted accounting principles (GAAP).

#### **7. Special circumstances necessitating collection inconsistent with 5 CFR Part 1320**

The information collection requirements in the OTS CRA regulations are consistent with OMB regulations.

#### **8. Efforts to consult with persons outside the Agency**

Notice of intent to renew this information collection was published in the *Federal Register* on August 21, 2007 (72 FR 161). OTS did receive one comment. However, the commenter requested that the Agency align its CRA rule with the Federal Banking Agencies and did not specifically address the Agency's intent to renew information collection under the PRA. The OTS aligned its CRA regulations with the Banking Agencies' regulations on March 22, 2007.

#### **9. Payment to respondents**

Not applicable. There is no payment to respondents.

#### **10. Assurance of confidentiality**

A primary purpose for collection of CRA data is disclosure to the public. Therefore, no assurance of confidentiality is made.

In the regulation-writing process, OTS and the other banking agencies had carefully considered financial privacy in determining what data to require. 12 CFR 563e.27 requires a savings association that elects to be examined under a CRA strategic plan to submit its strategic plan to OTS for approval. A savings association may submit additional information to OTS on a confidential basis, but the goals stated in the plan must be sufficiently specific to enable the public and OTS to judge the merits of the plan. OTS would provide confidential treatment for that information to the extent permitted by the Freedom of Information Act (5 U.S.C. 552a).

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

Not applicable. There are no questions of a sensitive nature.

#### **12. Burden Estimate**

The collections of information in OTS's CRA regulations are found at 12 CFR 563e.25, 563e.27, 563e.41, 563e.42, and 563e.43. "Small savings association" under the revised regulations is defined as a savings association with total assets of less than \$1 billion, without regard to any holding company assets. The total number of respondents for this information collection is 838 savings associations, representing 737 small savings associations and 101 large savings associations. In estimating the potential number of respondents, OTS used the number of OTS-supervised savings associations as of June 30, 2006.

Estimated Reporting Burden – The reporting requirements involve approximately 101 large thrifts

101 respondents; 34,129 reporting burden hours

Estimated Recordkeeping Burden – The recordkeeping requirements involve approximately 101 large thrifts

101 record keepers; 33,954 recordkeeping burden hours

Estimated Disclosure Burden – The public file and public notice disclosure requirements involve 814 small thrifts and 101 large thrifts.

838 respondents @ 10 hours = 8,380 total disclosure burden hours

Total CRA Burden – OTS estimates the combined estimated total annual reporting, recordkeeping, and disclosure burden at 76,463 hours.

Cite and Burden Type	Requirements in 12 CFR 563e	No. of Respondents	Avg. hours per Response	Estimated Burden Hours
12 CFR 563e.25(b) Optional reporting	<u>Request for designation as a wholesale or limited purpose savings association</u> – Savings associations requesting this designation shall file a request in writing with OTS at least 3 months prior to the proposed effective date of the designation	1	4	4
12 CFR 563e.27 Optional reporting	<u>Strategic plan</u> – Applies to savings associations electing to submit strategic plans to OTS for approval.	2	275	550
12 CFR 563e.42(a) Recordkeeping	<u>Small business/small farm loan register</u> – <b>Large savings associations</b> shall collect and maintain in machine-readable form the following data: <ul style="list-style-type: none"> <li>• • Unique or alpha-numeric symbol</li> <li>• • Loan amount</li> <li>• • Loan location</li> <li>• • Indicator whether the loan was to a business or farm w/gross annual revenues of \$1 million or less</li> </ul>	101	219	22,119
12 CFR 563e.42(b)(1) Reporting	<u>Small business/small farm loan data</u> – <b>Large savings associations</b> shall report annually in machine readable form the aggregate number and amount of loans: <ul style="list-style-type: none"> <li>• • With an amount at origination of \$100,000 or less</li> <li>• • With amount at origination of more than \$100,000 but less than or equal to \$250,000</li> <li>• • With an amount at</li> </ul>	101	8	808

Cite and Burden Type	Requirements in 12 CFR 563e	No. of Respondents	Avg. hours per Response	Estimated Burden Hours
	origination of more than \$250,000 <ul style="list-style-type: none"> <li>• • To businesses and farms with gross annual revenues of \$1 million or less</li> </ul>			
12 CFR 563e.42(b)(2) Reporting	<u>Community development loan data</u> – <b>Large savings associations</b> shall report annually in machine readable form the aggregate number and aggregate amount of community development loans originated or purchased.	101	13	1,313
12 CFR 563e.42(b)(3) Reporting, if applicable	<u>Home mortgage loans</u> – <b>Large savings associations</b> , if subject to reporting under part 203 (Home Mortgage Disclosure (HMDA)), shall report the location of each home mortgage loan application, origination, or purchase outside the MSA in which the savings association has a home/branch office.	101	253	25,553
12 CFR 563e.42(c) Optional recordkeeping	<u>Optional consumer loan data</u> – <b>All savings associations</b> may collect and maintain in machine readable form data for consumer loans originated or purchased by a savings association for consideration under the lending test, as follows: <ul style="list-style-type: none"> <li>• • Unique number or alpha-numeric symbol</li> <li>• • Loan amount at origination or purchase</li> <li>• • Loan location</li> <li>• • Gross annual income of the borrower that the savings association</li> </ul>	35	326	11,410

Cite and Burden Type	Requirements in 12 CFR 563e	No. of Respondents	Avg. hours per Response	Estimated Burden Hours
	considered in making its credit decision			
12 CFR 563e.42(c)(2) Optional recordkeeping	<u>Other loan data</u> – At its option, <b>all savings associations</b> may provide other information concerning its lending performance, including additional loan distribution data.	17	25	425
12 CFR 563e.42(d) Optional reporting	<u>Data on affiliate lending</u> – Savings associations that elect to have OTS consider loans by an affiliate, for purposes of the lending or community development test or an approved strategic plan, shall collect, maintain and report the data that the savings association would have collected, maintained, and reported pursuant to §563e.42(a), (b), and (c) had the loans been originated or purchased by the savings association. For home mortgage loans, the savings association shall also be prepared to identify the home mortgage loans reported under HMDA.	137	38	5,206
12.CFR 563e.42(e) Optional reporting	<u>Data on lending by a consortium or a third party</u> – Savings associations that elect to have OTS consider community development loans by a consortium or a third party, for purposes of the lending or community development tests or an approved strategic plan, shall report for those loans the data that the savings association	29	17	493

Cite and Burden Type	Requirements in 12 CFR 563e	No. of Respondents	Avg. hours per Response	Estimated Burden Hours
	would have reported under §563e.42(b)(2) had the loans been originated or purchased by the savings association.			
12 CFR 563e.42(g) Reporting	<u>Assessment area data</u> – <b>Large savings associations</b> shall collect and report to OTS a list for each assessment area showing the geographies within the area <sup>[2]</sup> .	101	2	202
12 CFR 563e.41(a), 563e.43(a), (a)(1), (a)(2), (a)(3), (a)(4), (a)(5), (a)(6), (a)(7), (b)(1), (b)(2), (b)(3), (b)(4), (b)(5), (c), (d) Disclosure	<u>Content and availability of public file</u> – <b>All savings associations</b> shall maintain a public file that contains the following information: <ul style="list-style-type: none"> <li>• • All written comments and responses</li> <li>• • A copy of the public section of the savings association’s most recent CRA performance evaluation</li> <li>• • A list of the savings association’s branches</li> <li>• • A list of the branches opened or closed</li> <li>• • A list of services offered</li> <li>• • A map of each assessment area</li> </ul> <b>All savings associations, if applicable</b> , shall include in its public file: <ul style="list-style-type: none"> <li>• • Strategic plans</li> <li>• • Description of the current efforts to improve its performance in helping to meet the credit needs of</li> </ul>	737 small 101 large 838 total	10	7,370 1,010 Total 8,380

<sup>[2]</sup> The assessment area delineation requirement (.41(a)) for small institutions is allocated in the public file requirement since the smaller institutions are not required to submit their delineation to the Agencies, but must merely place it in their public file.

Cite and Burden Type	Requirements in 12 CFR 563e	No. of Respondents	Avg. hours per Response	Estimated Burden Hours
	<p>its entire community</p> <p>Additional information by <b>large savings associations, if applicable</b>, shall include in its public file (for prior two years):</p> <ul style="list-style-type: none"> <li>• • Consumer loan data.</li> <li>• • CRA Disclosure Statements</li> <li>• • HMDA Disclosure Statements</li> </ul> <p>Additional information by <b>small savings associations</b>:</p> <ul style="list-style-type: none"> <li>• • Loan-to-deposit ratio for each quarter of the prior calendar year, and at its option, additional data on its loan-to-deposit ratio</li> <li>• • Information required under §563e.43(b)(1)</li> </ul>			
<b>Total Part 563e</b>				<b>Total Burden: 76,463</b>

OTS estimates the cost of the annualized cost to respondents of the hour burden, broken down by wage rate categories, as follows:

Clerical:	60% x 76,463 = 45,878 hours @ \$20 = \$ 917,556
Managerial/technical:	38% x 76,463 = 29,056 hours @ \$40 = \$1,162,240
Senior mgmt/professional:	2% x 76,463 = 1,529 hours @ \$80 = \$ 122,341
Total:	\$2,202,137

**13. Estimate of the total annualized cost to respondents (excluding the cost of any hour burden shown in Items 12 and 14, and excluding purchases of equipment and services made prior to October 1, 1995, or as part of usual and customary business practice)**

All costs of this collection to the respondents are presented in Item 12. No capital outlay is required. This is a revision of an existing requirement. 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 Federal government**

The Board, on behalf of the FFIEC and the Agencies, processes all CRA data used by the institutions to collect their reportable data. The Agencies contribute to pay the costs. The Agencies' 2008 annual cost is estimated to be \$931,953, of which OTS would pay \$153,081.

**15. Changes in burden:**

OTS is citing a reduction of 4,535 hours of burden as an adjustment due to the reduction in respondents.

**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 in CD-ROM format. The FFIEC also makes the statements available at central data depositories nationwide.

**17. Display of expiration date**

Not applicable. The information collections are contained in regulations.

**18. Exceptions to certification statement**

Not applicable.

**B. Collections of information employing statistical methods**

Not applicable.