



[6741-01-P]

FEDERAL DEPOSIT INSURANCE CORPORATION

Agency Information Collection Activities: Proposed Collection Renewals; Comment Request (3064-0001, -0174, -0188 & -0191)

AGENCY: Federal Deposit Insurance Corporation (FDIC).

ACTION: Notice and request for comment.

SUMMARY: The FDIC, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on the renewal of existing information collections, as required by the Paperwork Reduction Act of 1995. Currently, the FDIC is soliciting comment on the renewal of the information collections described below.

DATES: Comments must be submitted on or before [INSERT DATE 60 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Interested parties are invited to submit written comments to the FDIC by any of the following methods:

- <http://www.FDIC.gov/regulations/laws/federal/>
- *Email:* comments@fdic.gov Include the name and number of the collection in the subject line of the message.

- *Mail:* Gary A. Kuiper (202.898.3877), Counsel, MB-3016 or Manny Cabeza (202.898.3767), Counsel MB-3105, Federal Deposit Insurance Corporation, 550 17th Street N.W., Washington, DC 20429.
- *Hand Delivery:* Comments may be hand-delivered to the guard station at the rear of the 17th Street Building (located on F Street), on business days between 7:00 a.m. and 5:00 p.m.

All comments should refer to the relevant OMB control number. A copy of the comments may also be submitted to the OMB desk officer for the FDIC: Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503.

FOR FURTHER INFORMATION CONTACT: Gary Kuiper or Manny Cabeza, at the FDIC address above.

SUPPLEMENTARY INFORMATION:

Proposal to renew the following currently-approved collections of information:

1. *Title:* Charter and Federal Deposit Insurance Application.

OMB Number: 3064-0001.

Affected Public: Banks or savings associations wishing to become FDIC-insured depository institutions.

Frequency of Response: On occasion.

Annual Number of Respondents: 143

Estimated Time per Response: 125 hours

Total Annual Burden: 17,875 hours.

General Description: The Federal Deposit Insurance Act requires financial institutions to apply to the FDIC to obtain deposit insurance. This collection provides FDIC with the information needed to evaluate the applications.

2. *Title:* Interagency Guidance on Funding and Liquidity Risk Management

OMB Number: 3064-0174.

Affected Public: Insured state nonmember banks and state savings associations.

Frequency of Response: Occasionally (Paragraph 14); Quarterly (Paragraph 20).

Estimated Number of Respondents: 3,947

Burden Estimate:

	<i>No. of Respondents</i>	<i>Average Hours per Response</i>	<i>Responses Per Year</i>	<i>Total Hours</i>
<i>Paragraph 14 (Record Keeping)</i>				
<i>Large Institutions (over \$20 billion in assets)</i>	19	720	1	13,680
<i>Mid-size Institutions (\$1 to \$20 billion in assets)</i>	329	240	1	78,960
<i>Small Institutions (less than \$1 billion in assets)</i>	3,599	80	1	287,920
<i>Paragraph 14 Subtotal</i>	3,947			380,560
<i>Paragraph 20 (Reporting)</i>				
<i>All supervised institutions</i>	3,947	4	12	189,456
<i>Total Burden Hours</i>				570,016

General Description: The information collection includes reporting and recordkeeping requirements related to sound risk management principles applicable to insured depository institutions. To enable an institution and its supervisor to evaluate the liquidity risk exposure of an institution's individual business lines and for the institution as a whole, the guidance summarizes

principles of sound liquidity risk management and advocates the establishment of policies and procedures that consider liquidity costs, benefits, and risks in strategic planning. In addition, the guidance encourages the use of liquidity risk reports that provide detailed and aggregate information on items such as cash flow gaps, cash flow projections, assumptions used in cash flow projections, asset and funding concentrations, funding availability, and early warning or risk indicators. This is intended to enable management to assess an institution's sensitivity to changes in market conditions, the institution's financial performance, and other important risk factors.

3. *Title:* Appraisals for Higher-Priced Mortgage Loans

OMB Number: 3064-0188.

Affected Public: Insured state nonmember banks and state savings associations.

Frequency of Response: Occasionally

Estimated Number of Respondents: 2,428

Burden Estimate:

	<i>No. of Respondents</i>	<i>No. of Responses</i>	<i>Hours per Response</i>	<i>Total Burden Hours</i>
<i>Review and Provide Copy of Full Interior Appraisal (reporting burden)</i>				
Non-automated responders	809	13	.25	2,629
Automated responders	1,619	13	.08	1,684
Subtotal	2,428			4,313
<i>Investigate and Verify Requirement for Second Appraisal (record keeping burden)</i>				
Non-automated responders	809	8	.25	1,618
Automated responders	1,619	8	.08	1,036
Subtotal	2,428			2,654
<i>Conduct and Provide Second Appraisal (reporting burden)</i>				
Non-automated responders	809	1	.25	202
Automated responders	1,619	1	.08	129
Subtotal	2,428			331

General Description: Section 1471 of the Dodd-Frank Act established a new Truth in Lending (TILA) section 129H, which contains appraisal requirements applicable to *higher-risk mortgages* and prohibits a creditor from extending credit in the form of a higher-risk mortgage loan to any consumer without meeting those requirements. A *higher-risk mortgage* is defined as a residential mortgage loan secured by a principal dwelling with an annual percentage rate (APR) that exceeds the average prime offer rate (APOR) for a comparable transaction as of the date the interest rate is set by certain enumerated percentage point spreads. Additionally, 12 CFR part 1026 allows a creditor to make a higher-risk mortgage loan only if certain conditions are met. The creditor must obtain a written appraisal performed by a certified or licensed appraiser who must conduct a physical property visit of the interior of the property. At application, the applicant must be provided with a statement regarding the purpose of the appraisal; a notice that that the creditor will provide the applicant a copy of any written appraisal; and notice that that the applicant may choose to have a separate appraisal conducted at the expense of the applicant. The creditor must also provide the consumer with a free copy of any written appraisals obtained for the transaction at least three business days before closing.

The rule also requires a higher-risk mortgage loan creditor to obtain an additional written appraisal, from a different licensed or certified appraiser, at no cost to the borrower, if: the higher-risk mortgage loan will finance the acquisition of the

consumer's principal dwelling; the seller acquired the home within 180 days of signing the agreement to sell the property; and the consumer is purchasing the home for a higher price than the seller paid.

The additional written appraisal generally must include the following information:

(1) An analysis of the difference in sale prices (i.e., the sale price paid by the seller and the acquisition price of the property as set forth in the consumer's purchase agreement); (2) Changes in market conditions; and (3) Any improvements made to the property between the date of the previous sale and the current sale.

The information collection requirements are needed to protect consumers and promote the safety and soundness of creditors making higher-risk mortgage loans.

This information is used by creditors to evaluate real estate collateral in higher-risk mortgage loan transactions and by consumers entering these transactions.

4. *Title:* Interagency Guidance on Leveraged Lending

OMB Number: 3064-0191.

Affected Public: Insured state nonmember banks and state savings associations.

Frequency of Response: Occasionally

Estimated Number of Respondents: 10

Burden Estimate:

	<i>Number of respondents</i>	<i>Estimated annual frequency</i>	<i>Estimated average hours per response</i>	<i>Estimated total annual burden hours</i>
Implementation Burden				
<i>Recordkeeping burden</i>	1	1	986.7	986.7
Total Implementation Burden				986.7

Ongoing Burden

<i>Recordkeeping burden</i>	9	1	529.3	4,763.7
<i>Total Ongoing Burden</i>				4,763.7
<i>Total PRA Burden</i>				5,750.4

General Description: The Guidance describes expectations for the sound risk management of leveraged lending activities, including the importance for institutions to develop and maintain: (a) Transactions structured to reflect a sound business premise, an appropriate capital structure, and reasonable cash flow and balance sheet leverage; (b) A definition of leveraged lending that facilitates consistent application across all business lines; (c) Well-defined underwriting standards; (d) A credit limit and concentration framework consistent with the institution's risk appetite; (e) Sound MIS that enable management to identify, aggregate, and monitor leveraged exposures and comply with policy across all business lines; (f) Strong pipeline management policies and procedures; and (g) Guidelines for conducting periodic portfolio and pipeline stress tests to quantify the potential impact of economic and market conditions on the institution's asset quality, earnings, liquidity, and capital.

The guidance outlines high-level principles related to safe and sound leveraged lending activities, including underwriting considerations, assessing and documenting enterprise value, risk management expectations for credits awaiting distribution, stress testing expectations and portfolio management, and risk management expectations, all of which will be reviewed during supervisory examinations to assess how well the financial institution is managing its risk. Banks will not be submitting documentation to the FDIC. Rather, FDIC

examiners will review this documentation during examinations to assess a bank's management of its risk.

Request for Comment

Comments are invited on: (a) Whether the collections of information are necessary for the proper performance of the FDIC's functions, including whether the information has practical utility; (b) The accuracy of the estimates of the burden of the collections of information, including the validity of the methodology and assumptions used; (c) Ways to enhance the quality, utility, and clarity of the information to be collected; and (d) Ways to minimize the burden of the collections of information on respondents, including through the use of automated collection techniques or other forms of information technology. All comments will become a matter of public record.

Dated at Washington, DC, this 31st day of March 2016.

Federal Deposit Insurance Corporation.

Robert E. Feldman,
Executive Secretary.

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