BILLING CODE 6714-01-P

FEDERAL DEPOSIT INSURANCE CORPORATION

Agency Information Collection Activities: Submission for OMB Review; Comment Request (OMB Nos. 3064-0085 and 3064-0120)

AGENCY: Federal Deposit Insurance Corporation (FDIC).

ACTION: Notice and request for comment.

SUMMARY: The Federal Deposit Insurance Corporation (FDIC) will submit the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995. The proposed information collections were previously published in the Federal Register on July 6, 2017, allowing for a 60-day comment.

DATES: Comments are encouraged and will be accepted for an additional 30 days until [INSERT DATE 30 DAYS FROM 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/notices.html

- *Email:* comments@fdic.gov. Please include the name and OMB control number of the relevant information collection in the subject line of the message.
- *Mail:* Manny Cabeza, Counsel, Room MB-3007, Federal Deposit Insurance Corporation, 550 17th Street NW, 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. Written comments and/or suggestions can also be directed to the Office of Management and Budget, Office of Information and Regulatory Affairs, attention FDIC Desk Officer, New Executive Office Building, Washington DC 20503 or sent to OIRA_submissions@omb.eop.gov.

FOR FURTHER INFORMATION CONTACT: If you have additional comments, particularly with respect to the estimated public burden or associated response time, have suggestions, need a copy of any proposed information collection instrument and instructions, or desire any other additional information, please contact Manny Cabeza, Counsel, FDIC Legal Division either by mail at Room MB-3007, Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429; by email at mcabeza@fdic.gov; or by telephone at (202) 898-3767.

SUPPLEMENTARY INFORMATION: Written comments and suggestions from the public and affected agencies concerning the proposed collections of information are encouraged. All comments received will become a matter of public record. Your comments should address one or more of the following four points:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information has practical utility;
- Evaluate the accuracy of the agency's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;
- Evaluate whether and if so, how, the quality, utility, and clarity of the information to be collected can be enhanced; and
- Ways to minimize the burden of the information collection on respondents, including through the use of automated collection techniques or other forms of information technology.

Overview of the Information Collection Request:

1. Title: Record Keeping, Reporting and Disclosure Requirements in Connection with the Equal Credit Opportunity Act Regulation B.

   OMB Number: 3064-0085.

   Form Number: None.

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

Burden Estimate[1]:

Source and Burden	No. of Respondents	Annual Frequency	Total Responses	Average Time per Response (Minutes)	Estimated Annual Burden (Hours)
Reporting Burden					
Credit Reporting History (1002.10)	3,711	1,333	4,946,763	1	82,466
Demographic Information Collected for Monitoring Purposes (1002.13(a)&(b))	3,711	279	1,035,369	1	17,256
Total Reporting					**99,702**
Disclosure Burden					
Disclosure for Optional Self-Test (1002.5)	50	1	50	2	2
Notification (1002.9)	3,711	333	1,235,763	3	61,788
Appraisal Report (1002.14(a)(1))	3,711	279	1,035,369	3	51,768
Disclosure of Information Collected for Monitoring Purposes(1002.13(c))	3,711	279	1,035,369	1	17,256
Notice of Right to Appraisal (1002.14(a)(2))	3,711	279	1,035,369	1	17,256
Total Disclosure					**148,071**
Recordkeeping Burden					
Record Retention (Applications, Actions, Pre-Screened Solicitations)(1002.12)	3,711	1,333	4,946,763	3	247,338
Record Retention (Self-Testing)(1002.12)(b)(6)	50	1	50	3	3
Total Recordkeeping					**247,341**
Total Burden Hours					**495,113**

[1] The average hours per response shown in the table are rounded, but the Estimated Annual Burden is calculated using the full decimal and then is rounded to the nearest hour.

General Description of Collection: Regulation B (12 CFR part 1002) issued by the Consumer Financial Protection Bureau, prohibits creditors from discriminating against applicants on any bases specified by the Equal Credit Opportunity Act; imposes, reporting, record keeping and disclosure requirements; establishes guidelines for gathering and evaluating credit information; and requires creditors to give applicants certain written notices. There is no change in the method or substance of the collection. The overall 107,276 hour reduction in total estimated annual burden (from 602,389 to 495,113 hours) is a result of economic fluctuation reflected in a reduction in the number of FDIC-supervised institutions, and because of the revision of the FDIC's estimates of the number of responses and the average time required to respond to the various information collections tasks.

Changes to Data and Assumptions: The burden estimates shown above include several changes from the estimates the FDIC previously provided for this information collection. The FDIC currently supervises 3,711 insured financial institutions, a decrease of 687 from the 4,398 reported in 2014. Whereas the FDIC previously estimated that 25 percent (1,100) of its supervised institutions would conduct optional self-testing, the FDIC's experience shows that very few banks actually conduct these optional tests; our revised estimate of 50 banks is likely high. The FDIC has also updated the annual frequencies for each burden. The FDIC believes the prior estimate of 850 approved loans per year, on average, was too low and has increased its estimate to 1,000. The agency has also corrected the frequencies for sections 1002.5 and 1002.12 which are completed only once per year. As a conservative estimate, FDIC assumes that the denial rate for residential real estate loans applications for covered institutions is 14 percent. According to Home Mortgage Disclosure Act (HMDA) data from 2015, the denial rate for conventional home-purchase loan applications was 10.8 percent, and the denial rate for nonconventional home-purchase loans was 13.9 percent.[2] Call report data from June 30, 2017 shows that approximately 24 percent of total loan and lease balances are residential real estate loans (RRE), so, for purposes of estimating burden, FDIC assumes that 24 percent of the number of loans relate to RRE. The FDIC estimates that approximately 25 percent of non-RRE loans are denied.

The foregoing assumptions result in the following estimates:

1,000 loans approved / (1 - 25 percent) = 1,333 loan applications

1,333 loan applications x 25 percent = 333 loans denied

1,000 loans approved x 24 percent = 240 RRE loans

240 RRE loans / (1 – 14 percent) = 279 RRE loan applications

The table above now includes the burden estimate for section 1002.13 that was inadvertently omitted from prior information collection submissions. Section 1002.13(a), to monitor compliance, requires lenders to collect demographic information from loan applicants either on the application form or on a separate form. Section 1002.13(b) & (c) involve disclosing to loan applicants the purpose and use of this demographic information.

The burden table also deletes the prior estimated burden for 1002.15 which only describes the eligibility for incentives for self-testing and self-correction and does not involve any disclosures, reporting, or recordkeeping requirements.

The FDIC has updated its estimate of the number of burden hours required to complete each task. It has estimated a burden of one to three minutes for most tasks

[2] Federal Reserve Bulletin, November 2016, Vol. 102, No. 6.

(0.017 to 0.05 hours), a figure not significantly different from the prior estimates. However, the FDIC believes that the prior burden estimates for self-testing were greatly overstated. Whereas previously, self-testing under section 1002.12 was estimated to require two (2) hours to complete, the FDIC believes the recordkeeping requirement articulated in the rule should take only 3 minutes (0.05 hours) to complete.

2. Title: Flood Insurance.

OMB Number: 3064-0120.

Form Number: None.

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

Burden Estimate:

<table>
<tr><td></td><td colspan="7">Table 1: Burden Calculation</td></tr>
<tr><td></td><td>Item</td><td>Share of Burden</td><td>Hours</td><td>Share</td><td>Hours</td><td>Hours</td><td>Total Hours</td></tr>
<tr><td>1</td><td>Disclosure to the Borrower</td><td rowspan="3">50%</td><td rowspan="3">0.50</td><td rowspan="2">90%</td><td rowspan="2">0.45</td><td>0.225</td><td>25,097</td></tr>
<tr><td>2</td><td>Disclosure to the Servicer</td><td>0.225</td><td>25,097</td></tr>
<tr><td>3</td><td>Report to FEMA of a Change in Servicer</td><td>10%</td><td>0.05</td><td>0.05</td><td>5,577</td></tr>
<tr><td>4</td><td>Recordkeeping (Bank keeps a copy of all notifications)</td><td>50%</td><td>0.50</td><td></td><td>0.50</td><td>0.50</td><td>55,770</td></tr>
<tr><td></td><td></td><td></td><td>1.0</td><td></td><td>1.0</td><td>1.0</td><td>111,540</td></tr>
</table>

Respondents (FDIC supervised banks with real estate loans)	3,718
Frequency (Average no. of real estate loans serviced w/flood ins)	30
Total burden	**111,540**

Sources: FDIC, FEMA, Federal Reserve Board.

General Description of Collection: Each supervised lending institution is currently required to provide a notice of special flood hazards to each borrower with a loan secured by a building or mobile home located or to be located in an area identified by the Director of the Federal Emergency Management Agency as being subject to special flood hazards. The Riegle Community Development Act requires that each institution also provide a copy of the notice to the servicer of the loan (if different from the originating lender).

There is no change in the method or substance of the collection. There is an overall reduction in burden hours which is the result of (1) economic fluctuation reflected by a decrease in the number of FDIC-supervised institutions and (2) a decrease in the number of flood insurance policies nationally. In particular, the number of respondents and the frequency of response (number of loans) have decreased while the hours per response remain the same.

Changes to Data and Assumptions: FDIC estimates total annual burden to be 111,540 hours. To obtain this figure, FDIC relied on: (a) data from the Federal Emergency Management Agency (FEMA) as of May 2017; (b) FDIC Call Report data as of March 31, 2017; and (c) Federal Reserve Board mortgage data as of March 31, 2017.

FEMA reported there were 4,983,954 flood insurance policies in effect with a total insured value of $1,238,657,149,400.[3]

FDIC Call Report data showed that as of March 31, 2017, there were a total of 5,790 FDIC-insured institutions with a total of $4.25 trillion in 1-4 family; multifamily; nonfarm, nonresidential, and agricultural loans secured by real estate. As of March 31, 2017, there were 3,718 FDIC-regulated institutions with a total value of about $1.19 trillion in these loans. Based on the foregoing, we estimate that FDIC-regulated banks hold 27.9% of these assets.

The Federal Reserve Board reported $14.41 trillion in mortgage debt outstanding in the U.S., with $4.63 trillion (32.4%) held by depository institutions.[4] Since this total

[3] https://www.fema.gov/flood-insurance-statistics-current-month (accessed June 15, 2017).

debt held by banks is close to the value of these real estate loans from Call Report data, we have confidence that we can meld the data sets for estimation purposes. We therefore assume that 32.4% of the value of flood insurance policies will be held by U.S. commercial banks: $401 billion.

In the absence of any data on the number of real estate loans with flood insurance at any bank, we resort to apportion 32.4% of the number of flood insurance policies (1,614,801) to commercial banks, and 27.9% of those to FDIC-regulated institutions (451,177). Because the value of property varies greatly between different geographical regions and different banks, it is doubtful that this estimation of the number of policies is accurate. However, there exists no other reasonable method for deriving the number of policies at each bank given available data.

Next, we apportioned the 451,177 flood insurance policies to each FDIC-regulated institution according to its share of real estate loans to total real estate loans. The resulting apportionment results in an average of 121 policies per bank, and a median of 30 policies per bank. Because the average is skewed by the large number of policies at large banks, we believe the median is a better measure for calculating burden hours.

Our subject-matter experts (SMEs) for this rule believe that the total burden to the public for complying with this rule is 1.0 hours per policy. We find four PRA related tasks in this rule: 1) Disclosure to Borrowers, 2) Disclosure to Servicers, 3) Reporting to FEMA of Changes in Coverage, and 4) Recordkeeping for tasks 1-3 above. We assume that Recordkeeping will comprise ½ hour, and the remaining ½ is split between the other

[4] https://www.federalreserve.gov/econresdata/releases/mortoutstand/mortoutstand20170331.htm (accessed June 15, 2017).

tasks. We assume that 90% of policies will involve a new origination, and 10% of policies will involve a change in status.

With 3,718 respondents holding a median of 30 policies and 1 hour of burden per policy, we calculate a total burden of 111,540 hours. This burden is apportioned to each task as shown in Table 1 above.

Dated at Washington, D.C., this 22nd day of September, 2017.

FEDERAL DEPOSIT INSURANCE CORPORATION

Valerie J. Best,
Assistant Executive Secretary.
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