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## **FEDERAL HOUSING FINANCE AGENCY**

**[No. 2016–N–15]**

### **Proposed Collection; Comment Request**

**AGENCY:** Federal Housing Finance Agency.

**ACTION:** 30-Day Notice of submission of information collection for approval from Office of Management and Budget.

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**SUMMARY:** In accordance with the requirements of the Paperwork Reduction Act of 1995, the Federal Housing Finance Agency (FHFA or the Agency) is seeking public comments concerning the information collection known as “Members of the Banks,” which has been assigned control number 2590-0003 by the Office of Management and Budget (OMB). FHFA intends to submit the information collection to OMB for review and approval of a three-year extension of the control number, which is due to expire on December 31, 2016.

**DATES:** Interested persons may submit comments on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**ADDRESSES:** Submit comments to the Office of Information and Regulatory Affairs of the Office of Management and Budget, Attention: Desk Officer for the Federal Housing Finance Agency, Washington, DC 20503, Fax: (202) 395-3047, E-mail:

[OIRA\\_submission@omb.eop.gov](mailto:OIRA_submission@omb.eop.gov). Please also submit comments to FHFA, identified by “Proposed Collection; Comment Request: ‘Members of the Banks, (No. 2016-N-##)’”

by any of the following methods:

- Agency Website: [www.fhfa.gov/open-for-comment-or-input](http://www.fhfa.gov/open-for-comment-or-input).
- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments. If you submit your comment to the Federal eRulemaking Portal, please also send it by e-mail to FHFA at [RegComments@fhfa.gov](mailto:RegComments@fhfa.gov) to ensure timely receipt by the agency.
- Mail/Hand Delivery: Federal Housing Finance Agency, Eighth Floor, 400 Seventh Street, SW., Washington, DC 20219, ATTENTION: Proposed Collection; Comment Request: “Members of the Banks, (No. 2016-N-15)”.
- U.S. Mail, United Parcel Service, Federal Express, or Other Mail Service: The mailing address for comments is: Alfred M. Pollard, General Counsel, Attention: Comments/2016-N-15, Federal Housing Finance Agency, 400 Seventh Street, SW., Eighth Floor, Washington, DC 20219.

We will post all public comments we receive without change, including any personal information you provide, such as your name and address, email address, and telephone number, on the FHFA website at <http://www.fhfa.gov>. In addition, copies of all comments received will be available for examination by the public on business days between the hours of 10 a.m. and 3 p.m., at the Federal Housing Finance Agency, Eighth Floor, 400 Seventh Street, SW., Washington, DC 20219. To make an appointment to inspect comments, please call the Office of General Counsel at (202) 649-3804.

**FOR FURTHER INFORMATION CONTACT:** Jonathan F. Curtis, Financial

Analyst, Division of Federal Home Loan Bank Regulation, by email at Jonathan.Curtis@fhfa.gov or by telephone at (202) 649-3321; or Eric Raudenbush, Associate General Counsel, by email at Eric.Raudenbush@fhfa.gov or by telephone at (202) 649-3084, (these are not toll-free numbers), Federal Housing Finance Agency, 400 Seventh Street SW., Washington, DC 20219. The Telecommunications Device for the Hearing Impaired is (800) 877-8339.

## **SUPPLEMENTARY INFORMATION:**

### **A. Need For and Use of the Information Collection**

The Federal Home Loan Bank System consists of eleven regional Federal Home Loan Banks (Banks) and the Office of Finance (a joint office that issues and services the Banks' debt securities). The Banks are wholesale financial institutions, organized under the authority of the Federal Home Loan Bank Act (Bank Act) to serve the public interest by enhancing the availability of residential housing finance and community lending credit through their member institutions and, to a limited extent, through certain eligible nonmembers. Each Bank is structured as a regional cooperative that is owned and controlled by member institutions located within its district, which are also its primary customers. The Banks carry out their public policy functions primarily by providing low cost loans, known as advances, to their members. With limited exceptions, an institution may obtain advances and access other products and services provided by a Bank only if it is a member of that Bank.

The Bank Act limits membership in any Bank to specific types of financial institutions located within the Bank's district that meet specific eligibility requirements. Section 4 of the Bank Act specifies the types of institutions that may be eligible for

membership and establishes eligibility requirements that each type of applicant must meet in order to become a Bank member.<sup>1</sup> That provision also specifies that (with limited exceptions) an eligible institution may become a member only of the Bank of the district in which the institution's "principal place of business" is located.<sup>2</sup> With respect to the termination of Bank membership, section 6(d) of the Bank Act sets forth requirements pursuant to which an institution may voluntarily withdraw from membership or a Bank may terminate an institution's membership for cause.<sup>3</sup>

FHFA's regulation entitled "Members of the Banks," located at 12 CFR part 1263, implements those statutory provisions and otherwise establishes substantive and procedural requirements relating to the initiation and termination of Bank membership. Many of the provisions in the membership regulation require that an institution submit information to a Bank or to FHFA, in most cases to demonstrate compliance with statutory or regulatory requirements or to request action by the Bank or Agency.

In total, there are four types of information collections that may occur under part 1263. First, the regulation provides that (with limited exceptions) no institution may become a member of a Bank unless it has submitted to that Bank an application that documents the applicant's compliance with the statutory and regulatory membership eligibility requirements and that otherwise includes all required information and materials.<sup>4</sup> Second, the regulation provides applicants that have been denied membership by a Bank the option of appealing the decision to FHFA. To file such an appeal, an applicant must submit to FHFA a copy of the Bank's decision resolution denying its

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<sup>1</sup> See 12 U.S.C. 1424(a).

<sup>2</sup> See 12 U.S.C. 1424(b).

<sup>3</sup> See 12 U.S.C. 1426(d).

<sup>4</sup> See 12 CFR 1263.2(a), 1263.6-1263.9, 1263.11-1263.18.

membership application and a statement of the basis for the appeal containing sufficient facts, information, and analysis to support the applicant's position.<sup>5</sup> Third, the regulation provides that, in order to initiate a voluntary withdrawal from Bank membership, a member submit to its Bank a written notice of intent to withdraw.<sup>6</sup> Fourth, under certain circumstances, the regulation permits a member of one Bank to transfer its membership to a second Bank “automatically” without either initiating a voluntary withdrawal from the first Bank or submitting a membership application to the second Bank. Despite the regulatory reference to such a transfer as being “automatic,” a member meeting the criteria for an automatic transfer must initiate the transfer process by filing a request with its current Bank, which will then arrange the details of the transfer with the second Bank.<sup>7</sup>

The Banks use most of the information collected under part 1263 to determine whether an applicant satisfies the statutory and regulatory requirements for Bank membership and should be approved as a Bank member. The Banks may use some of the information collected under part 1263 as a means of learning that a member wishes to withdraw or to transfer its membership to a different Bank so that the Bank can begin to process those requests. In rare cases, FHFA may use the collected information to determine whether an institution that has been denied membership by a Bank should be permitted to become a member of that Bank.

The OMB control number for this information collection is 2590-0003, which is due to expire on December 31, 2016. The likely respondents are financial institutions that are, or are applying to become, Bank members.

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<sup>5</sup> See 12 CFR 1263.5.

<sup>6</sup> See 12 CFR 1263.26.

<sup>7</sup> See 12 CFR 1263.4(b), 1263.18(d), (e).

## **B. Burden Estimate**

FHFA has analyzed the time burden imposed on respondents by the four collections under this control number and estimates that the average annual burden imposed on all respondents by those collections over the next three years will be 2,351 hours. This estimate is derived from the following calculations:

### **I. Membership Applications**

FHFA estimates that the average number of applications for Bank membership submitted annually will be 151 and that the average time to prepare and submit an application and supporting materials will be 15 hours. Accordingly, the estimate for the annual hour burden associated with preparation and submission of applications for Bank membership is (151 applications x 15 hours per application) = 2,265 hours.

### **II. Appeals of Membership Denials**

FHFA estimates that the average number of applicants that have been denied membership by a Bank that will appeal such a denial to FHFA will be 1 and that the average time to prepare and submit an application for appeal will be 10 hours. Accordingly, the estimate for the annual hour burden associated with the preparation and submission of membership appeals is (1 appellants x 10 hours per application) = 10 hours.

### **III. Notices of Intent to Withdraw from Membership**

FHFA estimates that the average number of Bank members submitting a notice of intent to withdraw from membership annually will be 4 and that the average time to prepare and submit a notice will be 1.5 hours. Accordingly, the estimate for the annual

hour burden associated with preparation and submission of notices of intent to withdraw is (4 withdrawing members x 1.5 hours per application) = 6 hours.

#### IV. Requests for Transfer of Membership to Another Bank District

FHFA estimates that the average number of Bank members submitting a request for transfer to another Bank will be 35 and that the average time to prepare and submit a request will be 2 hours. Accordingly, the estimate for the annual hour burden associated with preparation and submission of requests for automatic transfer is (35 transferring members x 2 hours per request) = 70 hours.

#### C. **Comment Request**

In accordance with the requirements of 5 CFR 1320.8(d), FHFA published an initial notice requesting comments regarding this information collection in the **Federal Register** on October 7, 2016.<sup>8</sup> The 60-day comment period closed on December 6, 2016. No comments were received. However, during the pendency of the comment period, FHFA consulted with several of the Banks regarding the burden estimates for this information collection. As a result of the Banks' input, FHFA has made some revisions to the burden estimates, so that those appearing above are somewhat different than those that appeared in the 60-day notice.

In accordance with the requirements of 5 CFR 1320.10(a), FHFA is publishing this second notice to request comments regarding the following: (1) Whether the collection of information is necessary for the proper performance of FHFA functions, including whether the information has practical utility; (2) the accuracy of FHFA's estimates of the burdens of the collection of information; (3) ways to enhance the quality, utility and clarity of the information collected; and (4) ways to minimize the burden of

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<sup>8</sup> See 81 FR 69820 (Oct. 7, 2016).

the collection of information on members and project sponsors, including through the use of automated collection techniques or other forms of information technology. Comments should be submitted in writing to both OMB and FHFA as instructed above in the **COMMENTS** section.

Dated: December 22, 2016\_\_\_\_\_

Kevin Winkler,

Chief Information Officer,

Federal Housing Finance Agency.

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