

**Supporting Statement for the  
Investment in Bank Premises Notification  
(FR 4014; OMB No. 7100-0139)**

**Summary**

The Board of Governors of the Federal Reserve, under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, without revision, the Investment in Bank Premises Notification (FR 4014; OMB No. 7100-0139). The Federal Reserve System requires a state member bank to file a notification with the appropriate Reserve Bank for certain investments in bank premises if the investments would exceed the thresholds described below. There is no formal reporting form; a bank is required to give the Federal Reserve fifteen days prior written notice before making the proposed investment. The Federal Reserve uses the information to fulfill its statutory obligation to supervise state member banks. The current annual burden for the FR 4014 is estimated to be three hours.

**Background and Justification**

Under Section 208.21, Subpart B of Regulation H, a state member bank is required to obtain prior Federal Reserve approval of its intent to invest in its bank premises if the pro forma investment, together with any indebtedness of affiliates of the bank related to bank premises, exceeds a specified percentage of the bank's capital stock and surplus (as defined in section 208.21(a)(2) and (3) of Regulation H).<sup>1</sup> State member banks that are not well capitalized on a pro forma basis, or do not have composite CAMELS ratings of 1 or 2 under the Uniform Financial Institutions Rating System, must file notifications for investments in premises exceeding 100 percent of their capital stock and surplus. If the bank is well capitalized on a pro forma basis and has a composite CAMELS rating of 1 or 2, the state member bank must file a notification for investments exceeding 150 percent of its capital stock and surplus. The Federal Reserve System uses the information in the notification to determine if the proposal is financially sound and consistent with the public interest.

**Description of the Information Collection**

There is no required format for a notification of a proposed investment in bank premises. If a state member bank does not qualify for the previously described consent limitations, the state member bank is required to send a letter to the appropriate Reserve Bank that contains information such as current and pro forma financial statements, and the amount; general description and purpose of the investment in bank premises.

Upon receipt of a notification, Reserve Bank staff review the bank's general financial condition, using examination reports and recent financial data. Federal Reserve Board staff also determine the percentage of capital and surplus, as defined in Regulation H, that

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<sup>1</sup> The Board has determined that state member banks may make investments in offsite facilities without regard to the investment limitation.

will be represented by the bank's total investment in bank premises. The Reserve Bank may approve the notification in writing under delegated authority<sup>2</sup> if the Reserve Bank is satisfied that approval is warranted. In an instance where significant issues are raised, a Reserve Bank would forward the notification to the Federal Reserve Board for appropriate action. Action would then be taken by either the Federal Reserve Board or by the Director of the Federal Reserve Board's Division of Banking Supervision and Regulation under delegated authority. An investment in bank premises notification may be denied by the Federal Reserve Board if the bank's financial condition is unsatisfactory or if the resultant investment in bank premises would adversely affect the bank's condition or otherwise represent an inappropriate level of risk.

### **Time Schedule for Information Collection**

This information collection is event generated. The notification must be filed prior to a state member bank making an investment in bank premises that results in its total bank premises investment exceeding 100 percent of its capital and surplus as defined in Regulation H, or exceeding 150 percent of its capital and surplus if the bank has a satisfactory CAMELS rating, is well capitalized, and will continue to be well capitalized on a pro forma basis, as designated in Section 208.21(a)(3)(i) and (ii) of Regulation H. The Federal Reserve System usually completes the processing of a notification within fifteen days of its receipt. If the bank is notified by the end of the fifteen-day notice period that further review is necessary, then the processing is usually completed within thirty days of receipt of the notice. There is no publication requirement for these notifications.

### **Legal Status**

The Board's Legal Division has determined that 12 U.S.C. 371d authorizes the Board to require this notification. The individual respondent information in the notification is not considered confidential.

### **Consultation Outside the Agency**

There has been no consultation outside the Federal Reserve System.

### **Estimate of Respondent Burden**

The estimated annual reporting burden for the FR 4014 is based on the average number of respondents in 2001 and 2002. The respondent burden is estimated to average one-half hour per response. The present annual burden is estimated to be three hours, which is less than 1 percent of the total Federal Reserve System burden.

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<sup>2</sup> Approval action must come from the Secretary of the Board when a director or senior officer of the state member bank applicant or its parent company serves as a director of a Reserve Bank or a Reserve Bank branch.

	<i>Number of Respondents</i>	<i>Estimated Annual Frequency</i>	<i>Estimated response time</i>	<i>Estimated annual Burden hours</i>
FR 4014	6	1	0.5	3

The estimated annual cost to the public is \$150. The cost per hour is estimated at \$50, based on the assumption that the notification is prepared by a bank officer.

**Sensitive Questions**

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

**Estimated Cost to the Federal Reserve System**

Annual costs associated with providing the instructions for this notice are negligible. There are no mailing or printing costs incurred by the Federal Reserve System in administering this notice.