

**CONSUMER FINANCIAL PROTECTION BUREAU
REQUEST FOR EMERGENCY PROCESSING AND APPROVAL
SECURE AND FAIR ENFORCEMENT FOR MORTGAGE LICENSING ACT
(REGULATION G) 12 CFR 1007**

EMERGENCY JUSTIFICATION

The Bureau of Consumer Financial Protection (CFPB) respectfully requests emergency processing and approval of the collection of information discussed below because the use of normal clearance procedures is reasonably likely to prevent and disrupt an existing collection of information.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), certain rulemaking authority for the Secure and Fair Enforcement for Mortgage Licensing Act (the S.A.F.E. Act), which was enacted as Title V of the Housing and Economic Recovery Act of 2008, Pub. L. No. 110-289, transferred to the CFPB on July 21, 2011. The Dodd-Frank Act also granted the Bureau rulemaking authority pursuant to the S.A.F.E. Act with respect to employees of institutions regulated by the Farm Credit Administration. In addition, the CFPB received certain enforcement authorities with respect to the S.A.F.E. Act. The CFPB is in the process of publishing for public comment an interim final rule establishing a new regulation in 12 CFR Part 1007 and 1008 (Regulations G and H). This interim final rule substantially replicates existing regulations implementing the S.A.F.E. Act, and will not impose any new substantive obligations on regulated entities or any new information collection requirements.

As the CFPB now has enforcement authority over certain populations that have been under the jurisdiction of other Federal Registry Agencies, the CFPB is requesting approval of a new OMB control number for its collection activities under Regulation G. To prevent a disruption of an approved information collection, the CFPB is requesting emergency processing and approval of the following information collection request. Upon receipt of emergency approval from the Office of Management and Budget, the CFPB will begin a standard approval process for this collection and will seek public input at that time.

**CONSUMER FINANCIAL PROTECTION BUREAU
INFORMATION COLLECTION REQUEST - SUPPORTING STATEMENT
SECURE AND FAIR ENFORCEMENT FOR MORTGAGE LICENSING ACT
(REGULATION G) 12 CFR 1007
(OMB CONTROL NUMBER: 3170-XXXX)**

A. JUSTIFICATION

1. Circumstances Necessitating the Data Collection

The Bureau of Consumer Financial Protection (CFPB) is requesting a new collection number for the interim final rule on the S.A.F.E. Mortgage Licensing Act with respect to the registration of residential mortgage loan originators (12 CFR Part 1007; OMB No. 3170-XXXX). The Paperwork Reduction Act (PRA) classifies reporting, recordkeeping, or disclosure requirements of a regulation as an “information collection.”¹ The CFPB issues this statement to support the CFPB’s request for OMB approval of an information collection with respect to the interim final rule on the S.A.F.E. Mortgage Licensing Act.

On June 9, 2009, the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), the Farm Credit Administration (FCA), and the National Credit Union Administration (NCUA) (collectively, the Federal Registry Agencies) issued a joint proposed rule titled Registration of Mortgage Loan Originators (74 FR 27386). The rule implemented the Secure and Fair Enforcement for Mortgage Licensing Act (the S.A.F.E. Act), enacted June 30, 2008. Along with the rule, the Federal Registry Agencies proposed information collections with respect to any covered financial institutions, and their employees who act as residential mortgage loan originators (MLOs), to register with the Nationwide Mortgage Licensing System and Registry, obtain a unique identifier, maintain this registration, and disclose to consumers the unique identifier. The rule also requires the covered financial institutions employing these MLOs to adopt and follow written policies and procedures to ensure their employees comply with these requirements and to disclose the unique identifiers of their MLOs.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) amended a number of consumer financial protection laws, including the S.A.F.E. Act. In addition to minor amendments, the Dodd-Frank Act transferred certain rulemaking authority for the S.A.F.E. Act to the CFPB, effective July 21, 2011. The Dodd-Frank Act also granted the Bureau rulemaking authority pursuant to the S.A.F.E. Act with respect to employees of institutions regulated by the Farm Credit Administration. The CFPB has issued an interim final rule recodifying the Federal Registry Agencies’ regulations to reflect the authority of the Bureau, which will help facilitate compliance with the S.A.F.E. Act and its implementing regulations and will help reduce uncertainty regarding the applicable regulatory framework. Certain covered financial institutions that were previously regulated by one of the Federal Registry Agencies and that are now regulated by the CFPB will be required to comply with the regulation issued by the

¹ 44 U.S.C. § 3501 *et seq.*

CFPB. The CFPB proposed regulation implementing the S.A.F.E. Act will be added to 12 CFR Part 1007.

2. Use of the Information

The information collection will improve the flow of information to and between regulators; provide accountability and tracking of MLOs, enhance consumer protections, reduce fraud in the residential mortgage loan origination process and provide consumers with easily accessible information at no charge regarding the employment history of, and publicly adjudicated disciplinary and enforcement actions against, MLOs.

3. Use of Information Technology

Federal registration and state licensing and registration must be completed through the Nationwide Mortgage Licensing System and Registry; a web-based system developed and maintained by the Conference of State Bank Supervisors and the American Association of Residential Mortgage regulators jointly through the State Regulatory Registry LLC. The electronic form is stored in a secured, centralized repository.

4. Efforts to Identify Duplication

Substantially all of the information collected is not otherwise available.

5. Efforts to Minimize Burdens on Small Entities

This collection of information imposes on covered entities, regardless of size, only the minimum burden necessary to accomplish the program objectives discussed in Items 1 and 2. Though small entities will be required to take steps to ensure compliance with the rule, the rule does contain an exception from registration as a mortgage loan originator for an employee of any covered entity if, during the preceding 12 month period, the employee acted as a mortgage loan originator for 5 or fewer residential mortgage loans

6. Consequences of Less Frequent Collection and Obstacles to Burden Reduction

Compliance with the S.A.F.E. Act requires timely registration, annual registration renewals and maintaining the accuracy of the information supplied.

7. Circumstances Requiring Special Information Collection

Regulation G's information collection components are consistent with the applicable guidelines contained in 5 CFR 1320.5(d)(2).

8. Consultation Outside the Agency

As this is a request for emergency processing and approval of the transfer of certain burdens from existing information collections to the CFPB, the CFPB has not sought public

comment on this information collection request. Upon receipt of OMB's emergency approval, the CFPB will begin the standard approval process and will seek public input and input from other agencies at that time.

9. Payments or Gifts to Respondents

None.

10. Assurances of Confidentiality

Information deemed confidential is exempt from public disclosure under the Freedom of Information Act (5 U.S.C. 552).

11. Justification for Sensitive Questions

None.

12. Estimated Burden of Information Collection

Hours: 15,000

CFPB's estimate of the burden for ongoing recordkeeping and disclosure requirements under Regulation G is based on the assumption that the total ongoing burden for this regulation, across all agencies, remains the same as it was before the regulation was restated by the CFPB. Prior to the passage of the Dodd-Frank Act, the ongoing recordkeeping and disclosure burdens for Regulation G allocated to the prudential regulators were approximately 478,000 hours.² In light of the changes made by the Dodd-Frank Act, roughly 15,000 hours of that burden is being reallocated to the CFPB. Specifically, CFPB is being allocated burden for 180 depository institutions (comprising depository institutions with total assets of more than \$10 billion and their depository affiliates) which is the approximate number of such depository entities that the CFPB now has primary enforcement authority for with respect to Regulation G.³

Associated Labor Costs: \$ 323,000

The CFPB calculated labor costs by applying appropriate hourly cost figures to the

² For purposes of the current request for emergency review and approval, the CFPB has relied on the estimates previously developed by the Board, OCC, OTS, FDIC, and NCUA concerning the number of entities subject to Regulation G and the hours of paperwork burden under the statute (for a detailed breakdown of the burden estimates of the prudential regulators, please reference the other agencies' supporting statements for Regulation G, which can be found at www.reginfo.gov). The CFPB's enforcement authority is not necessarily limited to the entities covered by these agencies' estimates. In some instances, information regarding actual burden hours or dollar costs, or breakdowns of these hours or costs was not available from the other agencies. In these cases, CFPB has estimated the relevant figures based on data provided by the OCC and in some cases by the Board. The CFPB will conduct a more detailed review of burden allocations and provide more detailed estimates in its follow-up application to OMB for a standard approval of this information collection.

³ These include 27 from the Board, 70 from the OCC, 24 from the OTS, 3 from the NCUA, and 56 from the FDIC.

burden hours described above. The hourly rates used are those associated with the burden hours assumed from the other regulatory agencies, which differ by agency.

The CFPB estimates that the ongoing recordkeeping and disclosure costs allocated to the CFPB under Regulation G are \$323,000. This estimate was calculated by summing the CFPB's share of costs from the supporting statements of the other agencies, following each agency's own cost analysis. For a detailed breakdown of the cost analysis, please reference the other agencies' supporting statements for Regulation G.

13. Estimated Total Annual Cost Burden to Respondents or Recordkeepers

None.

14. Estimated Cost to the Federal Government

None.

15. Program Changes or Adjustments

None.

16. Plans for Tabulation, Statistical Analysis, and Publication

The public will have access to information in the Registry about a MLO's employment history and publicly adjudicated enforcement actions.

17. Display of Expiration Date

Not applicable.

18. Exceptions to the Certification Requirement

None.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.