

**CONSUMER FINANCIAL PROTECTION BUREAU
INFORMATION COLLECTION REQUEST – SUPPORTING STATEMENT
TRUTH IN LENDING ACT (REGULATION Z) 12 CFR 1026
(OMB CONTROL NUMBER: 3170-0015)**

The Bureau of Consumer Financial Protection (CFPB) is providing a supplement to its previous supporting statement for Regulation Z. This supplement addresses the information collection requirements in Regulation Z that are affected by the CFPB's proposed changes as described below.

A. JUSTIFICATION

1. Circumstances Necessitating the Data Collection

The Truth in Lending Act (TILA), 15 U.S.C. 1601 *et seq.*, was enacted to foster comparison credit shopping and informed credit decision making by requiring accurate disclosure of the costs and terms of credit to consumers. Creditors are subject to disclosure and other requirements that apply to open-end credit (*e.g.*, revolving credit or credit lines) and closed-end credit (*e.g.*, installment financing). TILA imposes disclosure requirements on all types of creditors in connection with consumer credit, including mortgage companies, finance companies, retailers, and credit card issuers, to ensure that consumers are fully apprised of the terms of financing prior to consummation of the transaction and, in some instances, during the loan term. Regulation Z was previously implemented by the Board of Governors of the Federal Reserve System (Board) at 12 CFR 226. In light of the general transfer of the Board's rulemaking authority for TILA to the CFPB, the CFPB adopted an interim final rule (Interim Final Rule) recodifying the Board's Regulation Z at 12 CFR 1026. The CFPB enforces TILA as to certain creditors and advertisers. TILA also contains a private right of action for consumers.

Although Regulation Z has historically implemented provisions of TILA, the Dodd-Frank Act amended TILA and the Real Estate Settlement Procedures Act (RESPA) to mandate specifically that the CFPB establish a single, integrated disclosure (including real estate settlement cost statements) that includes the disclosure requirements of TILA and RESPA for mortgage loan transactions subject to both or either provisions of law. 15 U.S.C. 1604(a); 12 U.S.C. 2603(a). Required disclosures under RESPA include a good faith estimate of settlement costs (RESPA GFE), a special information booklet, and an itemization of settlement charges imposed upon the borrower and the seller. The implementing regulations for RESPA have historically been published in Regulation X, 12 CFR 1024.

Through a proposed rule published in the *Federal Register* in August 2012, the CFPB is proposing to amend Regulation Z to implement certain provisions of RESPA in order integrate the disclosures required by TILA and RESPA, as required by the Dodd-Frank Act. The CFPB enforces RESPA as to certain lenders, mortgage brokers, and settlement agents. As set forth more fully below, the CFPB believes the following aspects of the proposed rule are information collection requirements under the Paperwork Reduction Act (PRA).¹

¹ Under the proposal, these information collection requirements apply to closed-end transactions secured by real property, other than reverse mortgages subject to § 1026.33. Construction-only loans, vacant-land loans, and loans secured by more than 25 acres are subject to the integrated disclosure provisions although these transactions are currently exempt from RESPA

Recordkeeping

The CFPB is proposing 12 CFR 1026.25(c), which contains record retention requirements related to the integrated TILA and RESPA disclosures. Generally, that provision requires creditors to retain evidence of compliance with the integrated disclosure provisions of Regulation Z for three years after consummation of the transaction, except that the creditor must retain copies of the integrated disclosures provided to consumers three business days prior to consummation, and all documents related to such disclosures, for five years after consummation (see #7, below). The CFPB is also proposing to require creditors to retain evidence of compliance with the integrated disclosure provisions in electronic, machine readable format. The CFPB believes that this proposed electronic data retention requirement will ensure that records associated with the integrated disclosures are readily available for examination, which is necessary to both prevent circumvention of and facilitate compliance with TILA, and may also facilitate compliance with TILA by easing the burden of examinations. The information is not reported to the CFPB, but may be requested as part of an investigation.

Disclosure

The CFPB is proposing to implement in Regulation Z certain additional disclosures derived from the following statutory provisions under TILA, as amended by the Dodd-Frank Act, in 12 CFR 1026.19, 1026.37, 1026.38, and 1026.39: 15 U.S.C. 1638(a)(16) through (a)(19), 1638(b)(4), 1639c(g)(2), (g)(3), and (h), and 1639d(h) and (j)(1)(A). In addition, the CFPB is proposing to implement in Regulation Z certain disclosures derived from the following statutory provisions under RESPA in 12 CFR 1026.19, 1026.37, and 1026.38: 12 U.S.C. 2603 and 2604. Specifically, the proposed rule requires disclosures be provided to consumers within three business days after receipt of the consumer's mortgage loan application (the Loan Estimate), to replace the "early" TILA disclosure and the RESPA GFE, and at least three business days prior to consummation (the Closing Disclosure), to replace the "final" TILA disclosure and RESPA settlement statement.

The proposal would require the development, implementation, and continuing use of new, integrated Loan Estimate forms for closed-end mortgage transactions subject to the proposed rule and the generation and provision of additional Loan Estimates in particular transactions as a result of increases in the closing costs that were included in the initial Loan Estimate.² In addition, the proposal would require the development, implementation, and continuing use of new, integrated Closing Disclosure forms for closed-end mortgage transactions subject to the proposed rule.

coverage, because the CFPB believes that excluding these transactions would deprive consumers of the benefit of enhanced disclosures. However, the CFPB believes that the number of such transactions is negligible as compared to the entire mortgage market.

² The proposal also provides that, if the creditor permits a consumer to shop for a settlement service, the creditor shall provide the consumer with a written list identifying available providers of that service and stating that the consumer may choose a different provider for that service. Accordingly, creditors must comply with this additional requirement in certain transactions where consumers are permitted to shop for settlement services. This is an existing requirement under current Regulation X, 12 CFR 1024 app. C, but is not specifically itemized as a separate information collection under Regulation X. Because the timing of this requirement coincides with the provision of the initial Loan Estimate to consumers, the burden associated with the written list of providers requirement under the proposed rule is included in the burden calculation for the Loan Estimate.

The CFPB is proposing that the integrated disclosures described above serve as model forms for transactions subject to TILA, and standard forms for transactions subject to both TILA and RESPA.

2. Use of the Information

Federal and State enforcement agencies and private litigants use records retained under the requirement of Regulation Z to ascertain whether accurate and complete disclosures of the cost of credit have been provided to consumers prior to consummation of the credit obligation and, in some instances, during the loan term. The information is also used to determine whether other actions required under TILA have been met. The information retained provides the primary evidence of law violations in TILA enforcement actions brought by Federal agencies. Without the Regulation Z recordkeeping requirement, the agencies' ability to enforce TILA would be significantly impaired. Under the proposed rule, Federal and State enforcement agencies would similarly use Regulation Z to determine compliance with certain provisions of RESPA.

As noted above, consumers rely on the disclosures required by TILA and Regulation Z to shop among options and to facilitate informed credit decision making. Without this information, consumers would be hindered in their ability to assess the true costs and terms of financing offered. Additionally, enforcement agencies and private litigants need the information in these disclosures to enforce TILA and Regulation Z. *See* 15 U.S.C. 1607, 1640. Under the proposed rule, consumers would also rely on the disclosures required by Regulation Z to understand their estimated and final settlement costs.

3. Use of Information Technology

Regulation Z contains rules to establish uniform standards for using electronic communication to deliver disclosures required under Regulation Z, within the context of the Electronic Signatures in Global and National Commerce Act (ESIGN), 15 U.S.C. 7001 *et seq.* 12 CFR 1026.5(a)(1)(iii), 1026.17(a)(1). These rules enable businesses to utilize electronic disclosures and compliance, consistent with the requirements of ESIGN. Use of such electronic communications is also consistent with the Government Paperwork Elimination Act (GPEA), Title XVII of Pub. L. 105-277, codified at 44 U.S.C. 3504, note. ESIGN and GPEA serve to reduce businesses' compliance burden related to Federal requirements, including Regulation Z, by enabling businesses to use more efficient electronic media for disclosures and compliance.

Regulation Z also permits creditors to retain records on microfilm or microfiche or any other method that reproduces records accurately, including computer programs. Creditors need only retain enough information to reconstruct the required disclosure or other records. Comment 25(a)-2.

As noted above, the CFPB is proposing to require creditors to retain evidence of compliance with the integrated disclosure provisions in electronic, machine readable format.

4. Efforts to Identify Duplication

The proposed recordkeeping requirement of Regulation Z preserves the information used by the creditor in making disclosures (and underlying calculations) of the terms of consumer credit and other

required actions. The creditor is the only source of this information. No other Federal law mandates these disclosures and other required actions. No State law known to the CFPB imposes these requirements, although some States may have other rules applicable to consumer credit transactions.

Similarly, the proposed disclosures required by TILA and Regulation Z are not otherwise required, except as noted below with respect to RESPA and Regulation X. Although some credit cost information is contained in contractual documents, the information is not standardized. As a result, consumers cannot use it efficiently to shop or to appreciate fully the credit terms they are considering. The creditor is the only source of this information. No other Federal law mandates these disclosures other than as noted below. State laws do not duplicate these requirements, although some States may have other rules applicable to consumer credit transactions.

As noted above, the CFPB is proposing to implement in Regulation Z certain disclosure requirements under TILA and RESPA to reduce the number of overlapping disclosures that consumers currently receive under those two statutes.

5. Efforts to Minimize Burdens on Small Entities

TILA and Regulation Z recordkeeping and disclosure requirements are imposed on all creditors. The recordkeeping requirement is mandated by Regulation Z. The disclosure requirements are mandated jointly by TILA and Regulation Z. The CFPB is proposing additional disclosure requirements mandated by RESPA and the Dodd-Frank Act.

Most lenders today use some degree of computerization in their business, and Regulation Z permits businesses to rely on computer support, among other alternatives, to meet their recordkeeping and disclosure requirements. This flexibility yields reduced recordkeeping and disclosure costs. (See #3 above.) As noted, the CFPB is proposing to require creditors to retain evidence of compliance with the integrated disclosure requirements in machine readable, electronic format. A standard electronic record format across the mortgage origination industry may increase efficiency in the origination and supervision processes, reducing industry costs in the long term, and reducing costs to consumers.

Moreover, as noted previously, Regulation Z provides model forms and clauses that may be used in compliance with its requirements. Correct use of these forms and clauses insulates a creditor from liability as to proper format. The CFPB is proposing that the integrated disclosures serve as model forms for transactions subject to TILA, and standard forms for transactions subject to both TILA and RESPA.

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

The current record retention period of two years under Regulation Z supports private actions and regulatory enforcement actions. If the retention period were shortened, consumers who sue under TILA, and the administrative agencies, might find that creditor records needed to prove violations of TILA no longer exist.

The CFPB is proposing to require creditors to retain evidence of compliance with the integrated disclosure provisions of Regulation Z for three years after consummation of the transaction, except that

creditors must retain the Closing Disclosure and all documents related to the Closing Disclosure for five years after consummation (see #7, below). The CFPB is also proposing to require creditors to retain evidence of compliance with the integrated disclosure provisions in electronic, machine readable format.

As noted, the disclosure requirements are needed to facilitate comparison cost shopping and to spur informed credit decision making. Without these requirements, consumers may not have access to this critical information or may not receive it in a timely fashion or in an easily-understand manner. Their right to sue under TILA would be undermined, and enforcement agencies could not fulfill their mandate to enforce TILA and RESPA.

7. Circumstances Requiring Special Information Collection

The proposed rule would adopt a retention requirement of five years after consummation for the Closing Disclosure and all documents related to the Closing Disclosure, consistent with the requirements of existing Regulation X. While § 1026.25 of Regulation Z generally requires creditors to retain evidence of compliance with TILA for two years after the date disclosures are required to be made or action is required to be taken, current Regulation X (12 CFR § 1024.10(e)) requires lenders to retain each completed RESPA settlement statement and related documents for five years after settlement, unless the lender disposes of its interest in the mortgage and does not service the mortgage. If the lender disposes of its interest and does not service the mortgage, current Regulation X requires the lender to provide the lender's copy of the RESPA settlement statement to the owner or servicer of the mortgage as part of the transfer of the loan file. The owner or servicer to whom the files are transferred must retain the RESPA settlement statement for the remainder of the five-year period.

The CFPB is proposing a retention requirement of five years after consummation because the Closing Disclosure serves an important purpose as both the record of all fees associated with the transaction and as part of the official disbursement record and may be needed for five years after the transaction. For example, State and local laws related to transactions involving real property may depend on the information being available for five years. Additionally, the current five-year recordkeeping requirement under Regulation X has been in effect since 1992.³ The CFPB is unaware of any problems caused by the five year requirement under current Regulation X and does not believe the time period should be shortened without evidence that the rule is not operating as intended, is unnecessary, or otherwise harms consumers. Thus, it appears that requiring creditors to retain copies of the Closing Disclosure for five years is appropriate. The CFPB believes that this requirement will ensure that records associated with the integrated disclosures are kept long enough to facilitate compliance with both TILA and RESPA and will also enable accurate supervision.

The proposed rule also requires that if a creditor sells, transfers, or otherwise disposes of its interest in a mortgage and does not service the mortgage, the creditor shall provide a copy of the Closing Disclosure to the owner or servicer of the mortgage as a part of the transfer of the loan file. Such owner or servicer shall retain such disclosures for the remainder of the five-year period. The CFPB recognizes that this proposed requirement is different from the current requirements under Regulation X, which do

³ 57 FR 49600, 49607 (Nov. 2, 1992).

not require a creditor to maintain these documents if the creditor disposes of its interest in the mortgage loan and does not service the mortgage loan. However, the CFPB believes that the current requirement provides little practical benefit to creditors, because other provisions of Regulations Z and X require creditors to maintain records of compliance for several years, even if the creditor transfers, sells, or otherwise disposes of its interest in the mortgage loan.

8. Consultation Outside the Agency

In August 2012, the CFPB published a notice of proposed rulemaking in the *Federal Register* for public comment. The comment period with respect to the PRA analysis will end on November 6, 2012. Prior to issuing the proposed rule, the CFPB consulted with other Federal agencies consistent with section 1022 of the Dodd-Frank Act and consulted with affected small entities through a Small Business Review Panel convened under Small Business Regulatory Enforcement Fairness Act. The Bureau also consulted with other stakeholders, including roundtables with industry representatives and consumer advocacy groups.

9. Payments or Gifts to Respondents

Not applicable.

10. & 11. Assurances of Confidentiality/Justification for Sensitive Questions

The required recordkeeping and disclosures also contain private financial information about persons who use consumer credit that is protected by the Right to Financial Privacy Act, 12 U.S.C. 3401 *et seq.* Such records may also constitute confidential customer lists. Any of these records provided to the CFPB would be covered by the protections of the CFPB's rules on Disclosure of Records and Information, 12 CFR Part 1070, and by the exemptions of the Freedom of Information Act, 5 U.S.C. 552(b), as applicable.

12. Estimated Burden of Information Collection

Under the proposed rule, the CFPB would account for the paperwork burden associated with Regulation Z for the following respondents pursuant to its administrative enforcement authority: insured depository institutions with more than \$10 billion in total assets, their depository institution affiliates, and certain nondepository institutions. The CFPB estimates it has 2,643 total respondents (128 depository institutions and affiliates and 2,515 nondepository institutions).⁴ The CFPB and the FTC generally have joint enforcement authority over nondepository institutions. To prevent double-counting the same population, the CFPB has allocated to itself half of the estimated burden to nondepository institutions.

The CFPB calculates labor costs by applying appropriate hourly cost figures to the burden hours described below. The hourly rates used are based on Bureau of Labor Statistics data for depository and

⁴ The CFPB has administrative enforcement authority over 154 depository institutions and depository affiliates. The CFPB estimates that 26 of these entities did not originate any closed-end mortgages in 2010 and excludes these entities for the purposes of this PRA analysis.

nondepository credit intermediators. To obtain fully-loaded hourly rates, the CFPB divides hourly wages by 67.5%.⁵ The fully-loaded hourly labor cost by occupation is given below.

Occupation	Depository Institutions	Nondepository Institutions
Attorneys	\$114	\$113
Compliance officers	\$44	\$49
Loan officers	\$45	\$47
Training and development specialists	\$38	\$40
Computer and IT staff	\$53	\$58

A. Loan Estimate and Closing Disclosure

The integrated Loan Estimate and the Closing Disclosure would result in certain one-time and ongoing costs to covered persons. The CFPB believes that many of the costs of complying with these requirements would be common across the two disclosures, and therefore discusses them together here. For purposes of the PRA, the one-time burdens are allocated equally across the Loan Estimate and the Closing Disclosure.

Under the proposed rule, responsibility for delivering the Loan Estimate would lie with the creditor. The CFPB believes that in some circumstances the Loan Estimate may be delivered by a mortgage broker acting on behalf of the creditor, as is currently the case with the RESPA GFE. In addition, the CFPB is proposing two alternatives for provision of the Closing Disclosure. Under the first alternative, the creditor would be solely responsible for providing the disclosure to the consumer. Under the second alternative, the creditor and the settlement agent would be jointly responsible. Although respondents under PRA for Regulation Z also include mortgage brokers and settlement agents, for purposes of the PRA analysis, the CFPB assumes that the creditor takes on the obligation to deliver the Loan Estimate and the Closing Disclosure. Accordingly, there is minimal burden attributed to brokers and settlement agents.

i. One-time burden

Reviewing the regulation

The CFPB estimates that, for each covered person, one attorney and one compliance officer would each take seven hours to read and review the sections of the proposed rule that describe the required contents of the Loan Estimate and Closing Disclosure, based on the length of the sections. The burden allocated to the CFPB for depository and nondepository institutions is therefore $7 \times 2 \times 1,386 = 19,000$ hours (rounded to the nearest 1,000). Based on the respective labor cost of attorneys and compliance officers, the associated labor cost is roughly \$1.6 million.

⁵ Bureau of Labor Statistics data indicate that in Q4 2010 wages accounted for 67.5% of the total cost of compensation for credit intermediation and related activities.

Training

Covered persons would incur one-time costs associated with training employees to use new forms and any new compliance software and systems. The CFPB estimates that each loan officer or other loan originator will need to receive two hours of training, and that one trainer could train ten loan officers at a time, for an additional one hour of trainer time per ten hours of trainee time. The CFPB estimates that there are approximately 35,000 loan officers at the depository institutions under the CFPB's jurisdiction and 21,000 at nondepository institutions that would need training. Based on the CFPB's allocation of 45,500 trainees, the time for trainers and trainees is $(45,500 * 1.1 * 2) = 100,100$ hours. Based on the respective labor cost of loan officers and trainers, the associated labor cost is roughly \$4.4 million.

Software and information technology

Covered persons⁶ who maintain their own software and compliance systems would incur one-time costs to adapt their software and compliance systems to produce the new forms.⁷ Based on information provided by creditors and by software vendors, the CFPB believes that, in general, larger creditors develop and maintain their own compliance software and systems, while smaller creditors primarily rely on software and compliance systems provided by outside vendors. The CFPB estimates that the top 20 creditors typically maintain their own systems, while 95 percent of smaller creditors rely on vendors.

The use of vendors would substantially mitigate the costs of revising software and compliance systems, as the efforts of a single vendor would address the needs of a large number of creditors. Based on discussions with a leading origination technology provider, the CFPB believes that these updates, however, would likely be included in regular annual updates, and therefore the costs would not be directly passed on to the client creditors. Based on small entities that participated in the Small Business Review Panel process, the CFPB estimates that smaller creditors that maintain their own compliance software and systems would incur costs of roughly \$100,000 to determine what changes need to be made and to update their systems to comply with the proposal. Larger creditors with proprietary systems would need to revise their compliance software and systems. Based on information from conversations

⁶ For the reasons discussed above, the CFPB is assuming that the creditor will bear the costs of revising software and compliance systems for purposes of this analysis. If, instead, settlement agents bore those costs with respect to the Closing Disclosure, the costs would likely be similar although borne by different parties. Two major vendors currently provide software services to the vast majority of small mortgage originators to produce the RESPA GFE and initial TILA disclosures. RESPA settlement statements are currently issued by settlement agents using software provided by a different, but similarly small, set of vendors; however, the CFPB understands that the originators' systems are capable of producing the RESPA settlement statements. As a result, the CFPB believes that it is reasonable to measure costs assuming that the originators' vendors will provide both the Loan Estimate and the Closing Disclosure to their clients under existing contracts. Were the current software providers for settlement agents to have to update their systems (under the second alternative or under other contractual arrangements), those vendors would have to incur the stated costs.

⁷ In addition to changing the format of the required forms, the new proposed forms include numerous new disclosures that are required by the Dodd-Frank Act. The CFPB believes that this additional information would be added to the forms as part of the process of adapting software and compliance systems to produce the new forms, and therefore does not provide separate estimates for the costs of adding this additional information.

with large creditors and with software vendors, the CFPB estimates that the cost per creditor for this category of creditor would be \$1,000,000.

The total cost to covered persons who maintain their own systems is roughly \$24.8 million.⁸ Dividing the total cost by the labor cost for software and IT staff yields an estimate of 455,000 hours.

ii. Ongoing burden

Covered persons will have ongoing costs from providing the disclosures. Based on industry feedback, the CFPB understands that most disclosures will be generated by automated systems that use data collected by covered entities in the normal course of business. The CFPB believes that a small number of the disclosures in the Loan Estimate and Closing Disclosure would be generated using data that may not otherwise be collected in the normal course of business, and has considered this in calculating the ongoing burden associated with the information collection. The CFPB’s estimates also account for the time covered persons would spend to review the forms for accuracy. The CFPB therefore estimates that providing a Loan Estimate will take approximately 3 minutes and providing a Closing Disclosure will take approximately 6 minutes. However, the CFPB may adjust its calculation in a final rule if it determines that such information is collected or reviewed for accuracy in the normal course of business or that automated sources of such data exist that would make any burden associated with collecting that data negligible.

	Loan Estimate	Closing Disclosure	Total
CFPB share of responses	17,900,000	4,800,000	22,700,000
CFPB share of respondents	1,386	1,386	
Average frequency of response	12,917	3,464	n/a
<u>Annual Burden (hrs):</u>			
Time per response (minutes)	3	6	
Total (hours)	895,000	480,000	1,375,000
<u>Annual Burden (\$):</u>			
Labor costs	\$41,170,000	\$22,080,000	\$63,250,000

In calculating the total burden of providing Loan Estimates and Closing Disclosures, the CFPB assumes that Loan Estimates will be provided in response to applications for mortgages and Closing Disclosures will be provided three business days before mortgages are consummated. The CFPB further estimates entities will reissue on average two Loan Estimates per loan originated.

⁸ The CFPB assumes burden for 18 of the top 20 respondents and 68 additional respondents. The total cost is therefore $(18 * \$1,000,000) + (68 * \$100,000) = \$24,800,000$.

B. Recordkeeping

The integrated recordkeeping requirement would result in certain one-time costs to covered persons. The CFPB believes the ongoing costs would be minimal once the appropriate technology systems are in place.

As discussed above, the CFPB is assuming that the creditor will bear the costs of revising software and compliance systems for purposes of this analysis.

i. One-time burden

Reviewing the regulation

The CFPB estimates that, for each covered person, one attorney and one compliance officer would each take approximately 7.5 minutes to read and review the sections of the proposed regulation that describe the recordkeeping requirements, based on the length the section. The burden allocated to the CFPB for depository and nondepository institutions is therefore $0.125 \times 2 \times 1,386 = 350$ hours (rounded to the nearest 10). Based on the respective labor cost of attorneys and compliance officers, the associated labor cost is roughly \$28,000.

Software and information technology

Based on industry feedback, the CFPB understands that firms currently rely on electronic systems for most aspects of the mortgage loan origination process, including electronic record creation and storage. Not all creditors currently maintain data in a machine-readable format, and those who do may not retain it in the format that may ultimately be adopted. To comply with the proposed record retention provisions, therefore, creditors may be required to reconfigure existing document production and retention systems. For creditors that maintain their own compliance systems and software, the CFPB does not believe that adding the capacity to maintain data in a standard machine readable format will impose a substantial burden, as the only requirement will be to output existing data to a new format and then store that data.

The CFPB believes that the one-time systems changes could be accomplished at the same time that systems changes are carried out to comply with the new proposed Loan Estimate and Closing Disclosure. The CFPB estimates that creditors that maintain their own compliance systems will need to expend 40 hours of software and IT staff time to develop the capacity to export data from existing data formats to the standard format. As discussed above, the CFPB estimates that 2,643 creditors are its respondents for purposes of the PRA, of which 152 creditors maintain their own compliance systems. At 40 hours each, the one-time burden is an estimated 6,080 hours or approximately \$348,000.

ii. Ongoing burden

The CFPB believes the ongoing costs of the recordkeeping requirement would be minimal once the appropriate technology systems are in place.

C. Summary

The ongoing and one-time hourly costs for each information collection are list below.

	Loan Estimate	Closing Disclosure	Recordkeeping	Total
Number of respondents	2,643	2,643	2,643	2,643
Number of responses	17,900,000	4,800,000	n/a	22,700,000
<u>One-Time Burden</u>				
Labor (hrs)	287,000	287,000	6,400	580,400
Labor cost (\$)	\$15,442,000	\$15,442,000	\$376,000	\$31,260,000
<u>Annual Burden</u>				
Labor (hrs)	895,000	480,000	n/a	1,375,000
Labor cost (\$)	\$41,170,000	\$22,080,000	n/a	\$63,250,000

13. Estimated Total Annual Cost Burden to Respondents or Recordkeepers

Covered persons will incur costs associated with producing and mailing the Loan Estimate and Closing Disclosure. The CFPB estimates the cost per disclosure is approximately \$0.80 per Loan Estimate and \$0.95 per Closing Disclosure, including postage.⁹ The CFPB estimates that approximately half of the disclosures will be provided electronically and therefore will incur no cost beyond the labor costs described in #12, above. The production and mailing costs are roughly \$7.1 million for the Loan Estimate and \$2.3 million for the Closing Disclosure.¹⁰

14. Estimated Cost to the Federal Government

As the CFPB does not collect any information, the cost to the CFPB is negligible.

15. Program Changes or Adjustments

As noted above, the Dodd-Frank Act amended TILA and RESPA to mandate specifically that the CFPB establish a single, integrated disclosure (including real estate settlement cost statements) that includes the disclosure requirements of TILA and RESPA for mortgage loan transactions subject to both or either provisions of law. 15 U.S.C. 1604(a); 12 U.S.C. 2603(a). Accordingly, the CFPB is proposing to implement the Loan Estimate and Closing Disclosure requirements in Regulation Z to replace the “early” TILA disclosure and RESPA GFE and the “final” TILA disclosure and RESPA settlement

⁹ The CFPB estimates that the cost of a Loan Estimate is typically \$0.75 and that the written list identifying available service providers would add an additional \$0.10 to the initial Loan Estimate. The CFPB estimates there would be 8.3 million initial Loan Estimates and 9.6 million Loan Estimate redisclosures annually. Therefore, the cost of producing and distributing the Loan Estimate is $(8,300,000 * \$0.85 * 0.5) + (9,600,000 * \$0.75 * 0.5) = \$7,100,000$ (rounded to the nearest \$100,000).

¹⁰ The cost of producing and distributing for the Closing Disclosure is $4,800,000 * \$0.95 * 0.5 = \$2,300,000$ (rounded to the nearest \$100,000).

statement. The integrated disclosures under the proposed rule would apply to all closed-end transactions secured by real property or a dwelling, other than reverse mortgage transactions. The CFPB is also proposing to implement in Regulation Z certain additional disclosures derived from statutory provisions under TILA and RESPA, as amended by the Dodd-Frank Act.

In addition, as previously discussed, the CFPB is proposing record retention requirements related to the integrated TILA and RESPA disclosures. Generally, the CFPB is proposing to require creditors to retain evidence of compliance with the integrated disclosure provisions of Regulation Z for three years after consummation of the transaction, except that the creditor must retain copies of the Closing Disclosure, and all documents related to that disclosure, for five years after consummation. The CFPB is also proposing to require creditors to retain evidence of compliance with the integrated disclosure provisions in electronic, machine readable format. The CFPB believes that this proposed electronic data retention requirement will ensure that records associated with the integrated disclosures are readily available for examination, which is necessary to both prevent circumvention of and facilitate compliance with TILA, and may also facilitate compliance with TILA by easing the burden of examinations and ensuring that all entities subject to TILA keep records in a standard format.

The CFPB previously estimated the ongoing burden for Regulation Z based on the assumption that the total ongoing burden for the regulation, across all agencies, remained the same as it was before the regulation was restated by the CFPB. The CFPB used its own methodology to estimate the one-time and ongoing burden for the information collections that are affected by the TILA-RESPA proposal, which may differ from the methodologies employed by other agencies.

The CFPB makes no changes to the other information collections since the last OMB approval.

16. Plans for Tabulation, Statistical Analysis, and Publication

The information collections are third-party disclosures and a recordkeeping requirement. There is no publication of the information.

17. Display of Expiration Date

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading consumers to believe that the regulation sunsets as of the expiration date. Consumers are not likely to be aware that the CFPB intends to request renewal of OMB approval and obtain a new expiration date before the old one expires.

18. Exceptions to the Certification Requirement

None.

Note: The following paragraph applies to all of the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.