CONSUMER FINANCIAL PROTECTION BUREAU
INFORMATION COLLECTION REQUEST – SUPPORTING STATEMENT
REAL ESTATE SETTLEMENT PROCEDURES ACT (REGULATION X) 12 CFR 1024
(OMB CONTROL NUMBER: 3170-0016)

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

A. JUSTIFICATION

1. Circumstances Necessitating the Data Collection

Certain disclosures are required by the Real Estate Settlement Procedures Act (RESPA) of 1974, as amended by Section 461 of the Housing and Urban-Rural Recovery Act of 1983 (HURRA), and other various amendments. The statute is found at 12 U.S.C. 2601 *et seq*. The implementing regulations were historically published by the Department of Housing and Urban Development (HUD) at 24 CFR 3500. In light of the transfer of HUD's rulemaking authority for RESPA to the Bureau of Consumer Financial Protection (CFPB), the CFPB adopted an interim final rule (Interim Final Rule) recodifying HUD's Regulation X at 12 CFR 1024 to reflect the transfer of authority and to help facilitate compliance with RESPA and its implementing regulations to help prevent confusion regarding regulatory and supervisory authority.

Required disclosures include: the Good Faith Estimate (GFE), the HUD-1/HUD-1A Settlement Statements, the Servicing Disclosure Statement, and, as applicable, the Servicing Transfer Disclosure. Other disclosures may be required under certain circumstances and include: the Initial Escrow Account Statement, the Annual Escrow Account Statement, and the Affiliated Business Arrangement Disclosure.[1] This collection helps to protect consumers in several respects. The GFE and HUD-1/HUD-1A Settlement Statements enable consumers to compare estimated settlement costs with actual settlement costs. The Affiliated Business Arrangement Disclosure helps to protect borrowers from unnecessarily high settlement service charges due to the settlement service provider's use of an affiliated provider. Disclosures related to the servicing of the mortgage loan help to protect consumers if the servicing of the loan could be or is transferred. Disclosures related to consumers' escrow accounts help to protect them from unnecessarily high escrow charges.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), Pub. L. 111-203, amended RESPA to mandate that lenders provide to potential borrowers of federally related mortgage loans a "reasonably complete or updated list of homeownership counselors who are certified pursuant to section 106(e) of the Housing and Urban Development

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[1] The CFPB understands that the Special Information Booklet that Regulation X currently requires lenders to distribute to applicants for first-lien purchase money mortgages would not be an information collection because it does not require any information that is specific to the lenders or the transaction. HUD had previously classified the Special Information Booklet as an information collection with minimal burden.

Act of 1968 (12 U.S.C. 1701x(e)) and located in the area of the lender."[2] Accordingly, through a proposed rule published in the Federal Register in August 2012, the CFPB is proposing to revise Regulation X to require lenders to provide a list of homeownership counselors or counseling organizations to applicants for federally related mortgage loans.

2. Use of the Information

The third party disclosures in this collection are required by statute and regulations. The CFPB expects to make further explanations of RESPA available through its website, http://www.consumerfinance.gov. Lenders make these disclosures to applicants of federally related mortgage loans. Disclosures are not submitted to the federal government.

Under the proposed rule, lenders would be required to give applicants for a federally related mortgage loan a clear and conspicuous written list of five homeownership counselors or counseling organizations located in the zip code of the applicant, or the nearest zip codes to the applicant. Under the proposed rule, the homeownership counselor list must be provided to all applicants for purchase money mortgages, refinancings, home-equity mortgage loans, home-equity lines of credit, and reverse mortgages, except applicants for a Home Equity Conversion Mortgage (HECM), as defined in 12 U.S.C. 1725z-20(b)(3), if the lender provides the applicant a HUD-required list of HECM counselors or counseling agencies. The lender would have to provide the list no later than three business days after the lender, mortgage broker, or dealer receives a loan application (or information sufficient to complete a loan application) under the proposal.

3. Use of Information Technology

This third party disclosure described above may be submitted to consumers electronically. Additionally, most disclosures are computer generated. The CFPB expects that lenders will be able to access a website where they could type in the loan applicant's zip code to generate the requisite list, which could then be transmitted to the loan applicant either electronically or in hard copy.

4. Efforts to Identify Duplication

This information collection does not duplicate any other Federal effort. In order to prevent duplication, the proposed rule exempts HECM lenders that provide applicants with a HUD-required list of HECM counseling resources. In addition, as discussed in the CFPB's supplement to its Supporting Statement for Regulation Z, 12 CFR part 1026 (also filed with OMB today), the CFPB is proposing that creditors who satisfy the homeownership counselor list discussed herein will be deemed to have complied with the proposed requirements under Regulation Z to provide a list of homeownership counselors to borrowers in high-cost mortgages and first-time borrowers in negatively-amortizing mortgage loans.

[2] Dodd-Frank Act § 1450.

5. Efforts to Minimize Burdens on Small Entities

As noted in the CFPB's proposed rule, the CFPB expects that lenders will be able to access a website that would allow them to type in the loan applicant's zip code to generate the requisite housing counselor list, which could then be transmitted to the loan applicant electronically or in hard copy. This should minimize burden by reducing the time and resources necessary to compile and distribute the housing counselor list.

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

This information is not submitted to the federal government. These third-party disclosures are required by statute, 12 U.S.C. 2601 *et seq*., and regulations. The burdens on respondents are the minimum necessary to comply with the statute, and to assist borrowers in obtaining information about available homeownership counseling resources.

7. Circumstances Requiring Special Information Collection

Information is not reported to the CFPB. The collection of information in Regulation X is consistent with the applicable guidelines contained in 5 CFR 1320.5(d)(2).

8. Consultation Outside the Agency

The CFPB published a notice of proposed rulemaking in the *Federal Register* for public comment. The comment period for the Paperwork Reduction Act analysis will expire on October 15, 2012. Prior to issuing the proposed rule, the CFPB consulted with HUD and other Federal agencies consistent with section 1022 of the Dodd-Frank Act.

9. Payments or Gifts to Respondents

Not applicable.

10. Assurances of Confidentiality

There are no assurances of confidentiality provided to respondents.

11. Justification for Sensitive Questions

There is no information of a sensitive nature being requested.

12. Estimated Burden of Information Collection

Under the proposed rule, the CFPB generally would account for the paperwork burden for all respondents that will be required to comply with the amendments to Regulation X in the proposed rule. Specifically, for the purposes of this PRA analysis, the CFPB's respondents under Regulation X are an estimated 12,392 depository institutions and 2,515 non-depository institutions that are estimated to originate open- or closed-end mortgages (*i.e.*, 14,907 institutions in total).

The CFPB calculates labor costs by applying appropriate hourly cost figures to the burden hours described below. The hourly rates used are based on occupation-specific average earnings data from the Bureau of Labor Statistics for workers in the depository credit intermediation and non-depository credit intermediation industries. To obtain fully-loaded hourly rates, the CFPB divides hourly wages by 67.5%.[3] The fully-loaded hourly labor cost by occupation (rounded to the nearest dollar) is given below.

Occupation	Depository Institutions	Non-depository 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. Provision of List of Homeownership Counselors or Counseling Organizations to Applicants for Federally Related Mortgage Loans

i. One-time burden

Reviewing the regulation

The CFPB estimates that, for each covered person, one attorney and one compliance officer would each take 7.5 minutes (0.125 hours) to read and review the sections of the proposed rule that describe the homeownership counselor list requirement, based on the length of the sections. The burden allocated to the CFPB for respondents subject to the proposed changes to Regulation X is roughly 3,700 hours.[4] Based on the respective labor cost of attorneys and compliance officers, the associated labor cost is roughly 300,000 dollars.[5]

Training

[3] 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.
[4] The hours burden is calculated as (2*0.125 hours) * [(12,392 depository institutions) + (2,515 non-depository institutions)].
[5] This estimate is calculated as (0.125 hours) *{(12,392 depository institutions) * [($114/hr. average wage for attorney at depository institution) + ($44/hr. average wage for compliance officer at depository institution)] + (2,515 non-depository institutions) * [($113/hr. average wage for attorney at non-depository institution) + ($49/hr. average wage for compliance officer at non-depository institution)]}.

Covered persons would incur one-time costs associated with training employees regarding the list of homeownership counselors or counseling organizations. The CFPB estimates that each loan officer or other loan originator will need to receive 7.5 minutes (0.125 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 72,000 loan officers at the depository institutions and about 21,000 at non-depository institutions that would need training. Given the estimates, the estimated training-hours burden is approximately 12,700 hours, and the associated labor costs are estimated to be roughly 570,000 dollars.[6]

ii. Ongoing burden

The CFPB estimates that, on average, covered persons will require 1 minute to produce and to provide the list of homeownership counselors or counseling organizations to each applicant. Given the estimated 15.5 million applications for the universe of relevant respondents, the CFPB estimates the burden would be about 260,000 hours (15.5 million applications * (1/60 hour)) and associated labor cost of 11.9 million dollars.[7]

13. Estimated Total Annual Cost Burden to Respondents or Recordkeepers

The CFPB estimates that respondents will incur a burden of $0.10 dollars per application to produce the list of homeownership counselors or counseling organizations. The CFPB estimates that the 12,392 depository institutions and 2,515 non-depository institutions subject to the CFPB's administrative enforcement authority receive roughly 15.5 million applications for open-end or closed-end mortgages. Given this, the CFPB estimates the total burden across all relevant respondents would be 1.55 million dollars (($0.10) * 15.5 million applications).

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

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[6] Rounding the number of loan officers to the nearest thousand, the hours burden is estimated as (0.125 training hours) * [(72,000 loan officers at depository institutions) + (21,000 loan officers at non-depository institutions)] * (1.1 to account for trainer hours). The associated costs burden is calculated as (0.125 training hours) * {[(72,000 loan officers at depository institutions) * ($45/hr. average wage for loan officer at depository institution) + (1/10) * (72,000 loan officers at depository institutions) * ($38/hr. average wage for trainer at depository institutions)] + [(21,000 loan officers at non-depository institutions) * ($47/hr. average wage for loan officer at non-depository institution) + (1/10) * (21,000 loan officers at non-depository institutions) * ($40/hr. average wage for trainer at non-depository institutions)]}.

[7] Using application counts rounded to the nearest 100,000, the labor costs are estimated as (1/60) * [(12.0 million applications at respondent depository institutions) * ($45/hr. average wage for loan officer at depository institution) + (3.6 million applications at respondent non-depository institutions) * ($47/hr. average wage for loan officer at non-depository institution)].

The CFPB's proposal would implement in Regulation X the information collection requirements described above. The CFPB's proposal makes no changes to the other information collections in Regulation X since the last OMB approval.

16. Plans for Tabulation, Statistical Analysis, and Publication

The results of the information collection will not be published.

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.