

**CONSUMER FINANCIAL PROTECTION BUREAU
INFORMATION COLLECTION REQUEST – SUPPORTING STATEMENT
FAIR CREDIT REPORTING ACT (REGULATION V) 12 CFR 1022
(OMB CONTROL NUMBER: 3170-0002)**

TERMS OF CLEARANCE: The Office of Management and Budget (OMB) Notice of Action dated July 8, 2012 provides “In the interest of transparency, upon its next submission, CFPB resubmit with model disclosures uploaded in supplementary documents sections [of OMB’s ROCIS system].” As instructed, the Bureau has uploaded the pertinent model disclosures into the ROCIS system.

ABSTRACT: The consumer disclosures included in Regulation V are designed to alert consumers that a financial institution furnished negative information about them to a consumer reporting agency, that they have a right to opt out of receiving marketing materials and credit or insurance offers, that their credit report was used in setting the material terms of credit that may be less favorable than the terms offered to consumers with better credit histories, that they maintain certain rights with respect to a theft of their identity that they reported to a consumer reporting agency, that they maintain rights with respect to knowing what is in their consumer reporting agency file, that they can request a free credit report, and that they can report a theft of their identity to the CFPB. Consumers then can use the information provided to consider how and when to check and use their credit reports.

A. JUSTIFICATION

1. Circumstances Necessitating the Data Collection

On July 21, 2010, President Barack Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act, P.L. 111-203, 124 Stat. 1376 (2010) (Dodd-Frank Act). In addition to a comprehensive package of financial regulatory reform measures, the Dodd-Frank Act transferred rulemaking authority for most provisions of the Fair Credit Reporting Act (FCRA), 15 U.S.C. 1681 *et seq.*, to the Bureau of Consumer Financial Protection (CFPB), effective July 21, 2011.¹

Section 1088 of the Dodd-Frank Act, read in combination of Section 1061, amends the FCRA to vest the CFPB with rulemaking authority over most provisions of the FCRA, excepting providing rulemaking authority over certain motor vehicle dealers engaged primarily in the sale and servicing of motor vehicles, the leasing and servicing of

¹ See Sections 1061 and 1088 of the Dodd-Frank Act.

motor vehicles, or both. The Dodd-Frank Act also provided the CFPB with enforcement authority over certain institutions that have been under the jurisdiction of other agencies.

Section 1088 of the Dodd-Frank Act states that the CFPB “shall prescribe such regulations as are necessary to carry out the purposes of this title, except with respect to sections 615(e) and 628 [of the FCRA],” and therefore on December 21, 2011, the CFPB issued an interim final rule (76 FR 79308) establishing the CFPB’s Regulation V (12 CFR 1022). The new Regulation V assembles applicable regulations, commentary, and model notices² formerly promulgated by the transferor agencies, with minor revisions to reflect accurate references and contact information.

Accordingly, the CFPB requests approval from the Office of Management and Budget (OMB) to continue requiring the disclosures described within Regulation V from certain populations over which the CFPB now has enforcement authority. This request is an extension without change of a currently approved OMB control number.

2. Use of the Information

The consumer disclosures included in Regulation V are designed alert consumers that a financial institution furnished negative information about them to a consumer reporting agency, that they have a right to opt out of receiving marketing materials and credit or insurance offers, that their credit report was used in setting the material terms of credit that may be less favorable than the terms offered to consumers with better credit histories, that they maintain certain rights with respect to a theft of their identity that they reported to a consumer reporting agency, that they maintain rights with respect to knowing what is in their consumer reporting agency file, that they can request a free credit report, and that they can report a theft of their identity to the CFPB. Consumers then can use the information provided to consider how and when to check and use their credit reports.

3. Use of Information Technology

Consistent with the aims of the Government Paperwork Elimination Act, PL 105-277, Title XVII, 112 Stat. 2681-749, 44 U.S.C. § 3504 note, the forms allow creditors to use applicable technologies to reduce compliance costs. Financial institutions may use any existing technology relevant to producing the notice, obtaining the consumer opt out determination, and maintaining records of the notice and opt out determination.

4. Efforts to Identify Duplication

There is no duplication. The information is not available from any other source.

² The disclosures requirements are substantially the same as those previously provided by model forms promulgated by the Board, the FDIC, the NCUA, the OCC, the OTS and the FTC.

5. Efforts to Minimize Burdens on Small Entities

Regulation V includes model notices that businesses may use to comply with regulatory requirements, and which are very similar or identical to previous model notices circulated by the Board, the FDIC, the NCUA, the OCC, the OTS, and the FTC. By minimizing the proposed alterations to model forms, the CFPB has sought to help businesses of all sizes reduce the burden or inconvenience of complying with the amendments to the regulations.

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

The frequency of the disclosure requirements contained in Regulation V are transactional based (on occasion). Less frequent disclosures would reduce the protections to consumers that were contemplated by FCRA and Regulation V. The burden of complying is, however, diminished by the provision of model notices and that creditors may continue to use previous versions of the model notices.

7. Circumstances Requiring Special Information Collection

The collections of information in Regulation V are consistent with the applicable guidelines contained in 5 CFR 1320.5(d)(2).

8. Consultation Outside the Agency

In accordance with 5 CFR 1320.8(d)(1), on July 25, 2013 the Bureau has published a notice Federal Register (77 FR 44930) allowing the public 60 days to comment on the proposed extension of this currently approved collection of information. The Bureau receive two comments in response to this notice; however, neither of the comments addressed recordkeeping or disclosure requirements of Regulation V nor any other of the Paperwork Reduction Act related issues contemplated by this notice.

Further and in accordance with 5 CFR 1320.5(a)(1)(iv), the Bureau has published a notice in the Federal Register allowing the public 30 days to comment on the submission of this information collection request to the Office of Management and Budget.

9. Payments or Gifts to Respondents

Not applicable.

10. Assurances of Confidentiality

Not applicable. No assurance of confidentiality is necessary because the information collections do not require creditors to register or file any documents with the CFPB.

11. Justification for Sensitive Questions

Not applicable. There are no reporting requirements contained in Regulation V, the information collections are limited to recordkeeping and disclosure requirements. Therefore, no sensitive or personally identifying information is collected by the CFPB as a result of the requirements contained in Regulation V.

12. Estimated Burden of Information Collection

Hours: 4,156,000

CFPB's estimates the burden for the recordkeeping and disclosure requirements under Regulation V remains the same as it was before the regulation was restated by the CFPB. Prior to the passage of the Dodd-Frank Act, the recordkeeping and disclosure burdens for Regulation V allocated to the prudential regulators and the FTC were approximately 19,017,000 hours. In light of the changes made by the Dodd-Frank Act, roughly 4,156,000 hours of that burden is being reallocated to the CFPB. Specifically, CFPB is being allocated burden for 155 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 V.³ The CFPB is also being allocated half of the Federal Trade Commission (FTC) burden amount after subtracting the burden which the FTC has attributed to itself for motor vehicle dealers.⁴

Burden Summary:

Number of Respondents:	155
Total Annual Responses:	677,536
Total Annual Burden Hours:	4,156,000

Associated Labor Costs: \$ 110,234,000

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

³ These include 25 from the Board, 65 from the OCC, 21 from the OTS, 3 from the NCUA, and 41 from the FDIC.

⁴ The Dodd-Frank Act exempts certain motor vehicle dealers from CFPB's enforcement authority. However, due to the difficulty of making a reliable estimate of those dealers, the FTC has attributed to itself the PRA burden for all motor vehicle dealers. This attribution does not change actual enforcement authority.

allocated to the CFPB under Regulation V are \$92,123,000. 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 V.

13. Estimated Total Annual Cost Burden to Respondents or Recordkeepers

There are no additional costs other than those captured above in Item 12.

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

The Bureau reports no program changes to Regulation V at this time. The adjustment of -581,120 hours results from the removal of previously estimated one time burden. As a result of the previous restatement of Regulation V, the Bureau estimated a one-time burden on creditors that needed to update some or all of eleven separate forms with references to the CFPB, among other changes.

16. Plans for Tabulation, Statistical Analysis, and Publication

Not applicable.

17. Display of Expiration Date

Not applicable. There are no forms or other information collection instruments associated with this OMB control number. The OMB control number and currently assigned expiration date are displayed on OMB's public-facing docket at www.reginfo.gov.

18. Exceptions to the Certification Requirement

The Bureau certifies the this collection of information is consistent with the requirements of 5 CFR 1320.9, and the related provisions of 5 CFR 1320.8(b)(3) and is not seeking an exemption to these certification requirements.