

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

**A. JUSTIFICATION**

**1. Circumstances Necessitating the Data Collection**

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 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**

This interim final rule was published in the Federal Register (76 FR 78483), on December 19, 2011, and provided the public a 60-day period in which to review and provide public comments relating to any aspect of the interim final rule.

In response to the Federal Register notice (77 FR 2685), dated January 19, 2012, we received no comments during the comment period regarding this interim final rule.

### **9. Payments or Gifts to Respondents**

Not applicable.

## **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**

Not applicable.

## **12. Estimated Burden of Information Collection**

Hours: 15,183

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.<sup>1</sup> In light of the changes made by the Dodd-Frank Act, roughly 15,183 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.<sup>2</sup>

Associated Labor Costs: \$ 322,021

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 allocated to the CFPB under Regulation G are \$322,021. 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.

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<sup>1</sup> 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](http://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.

<sup>2</sup> These include 27 from the Board, 70 from the OCC, 24 from the OTS, 3 from the NCUA, and 56 from the FDIC.

### **13. Estimated Total Annual Cost Burden to Respondents or Recordkeepers**

As suggested by OMB, our Federal Register notice dated January 19, 2012, requested public comments on estimates of cost burden that are not captured in the estimates of burden hours, i.e., estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. However, we did not receive any responses from public on this subject. As a result, estimates of these cost burdens are not available at this time.

### **14. Estimated Cost to the Federal Government**

Not applicable.

### **15. Program Changes or Adjustments**

There were no changes made to this approval number that resulted in any change to the burden previously reported to OMB.

We are making this submission to renew the OMB approval.

### **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**

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

### **18. Exceptions to the Certification Requirement**

Not applicable.

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.