

**CONSUMER FINANCIAL PROTECTION BUREAU
INFORMATION COLLECTION REQUEST—SUPPORTING STATEMENT
REAL ESTATE SETTLEMENT PROCEDURES ACT (REGULATION X)
12 CFR 1024
(OMB CONTROL NUMBER: 3170-0027)**

OMB TERMS OF CLEARANCE:

When the Office of Management and Budget (OMB) last reviewed the information collections inventoried under OMB control number 3170-0027, no terms of clearance were provided (see OMB Notice of Action dated 04/26/2013).

ABSTRACT: The Bureau of Consumer Financial Protection (the Bureau) is proposing to amend Regulation X, which implements the Real Estate Settlement Procedures Act of 1974 (RESPA) and the official interpretation of the regulation. The proposed amendments amend and clarify several existing servicer obligations, including the obligation to attempt to establish contact with and provide written disclosures to delinquent borrowers, as defined under a new proposed definition of delinquency; to provide disclosures regarding the identity of a mortgage's owner or assignee, and regarding the status of a borrower's hazard insurance coverage; to set a date by which borrowers must return documents to complete their loss mitigation applications; to take affirmative steps to protect borrowers from wrongful foreclosure; and to complete evaluations of loss mitigation application submitted immediately prior to a servicing transfer. The Bureau is also proposing several new servicer obligations, including the obligation to respond to information and loss mitigation requests from a borrower's successors in interest; to provide written early intervention disclosures to borrowers in bankruptcy or who have invoked their cease communication rights under the Fair Debt Collection Practices Act; to provide borrowers who apply for loss mitigation with notices that their applications are complete; to exercise reasonable diligence when attempting to obtain loss mitigation information from third parties; and to evaluate multiple loss mitigation applications from the same borrower where that borrower was able to bring his or her loan current since the last application.

The Consumer Financial Protection Bureau (Bureau) is dividing proposed rules to amend the Bureau's Regulations X and Z into separate Information Collection Requests (ICRs) in OMB's system (accessible at www.reginfo.gov) to ease the public's ability to view and understand the individual proposed rules for Regulation X and Regulation Z. Respondents should continue to use the 3170-0016 control number for Regulation X and the 3170-0015 control number for Regulation Z.

PART 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 historically were 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, the Bureau adopted an interim final rule (Interim Final Rule) recodifying HUD's Regulation X at 12 CFR 1024 to reflect the transfer of authority to the Bureau and certain other changes made by the Dodd-Frank Act.

The Dodd-Frank Act amended RESPA and the Truth in Lending Act (TILA) by, among other things, mandating new mortgage servicing disclosures and procedures to improve protections for consumers with certain residential mortgages. 12 U.S.C. 2601 *et seq.*; 15 U.S.C. 1638a, 1638(f), 1639f, and 1639g. Through a final rule issued on January 17, 2013 (the 2013 RESPA Mortgage Servicing Final Rule), the Bureau revised Regulation X to add a number of mortgage servicing requirements provided for in the Dodd-Frank Act's amendments to RESPA, as well as other requirements the Bureau adopted pursuant to its authority under RESPA and the Dodd-Frank Act. Section 1463 of the Dodd-Frank Act creates statutory mandates under new subsections (k), (l) and (m) of RESPA section 6. Section 1463 of the Dodd-Frank Act also amends certain consumer protection provisions set forth in section 6(e) through (g) of RESPA. Several of these requirements involve information collections.

Since January 10, 2014, the effective date of the Mortgage Servicing Rules, the Bureau has continued to engage in ongoing outreach and monitoring with consumer advocacy groups, industry representatives, housing counselors, and other stakeholders. As a result, the Bureau has identified further issues. On November 20, 2014, the Bureau issued a proposed rule that provides several amendments to the Mortgage Servicing Rules to revise regulatory provisions and official interpretations relating to the Regulation X and Z mortgage servicing rules. The proposed amendments to Regulation X include a proposal to apply all of the Mortgage Servicing Rules to successors in interest once a servicer confirms the successor in interest's identity and ownership interest in the property, as well as rules relating to how a mortgage servicer confirms a successor in interest's status; a proposal to add a general definition of delinquency that would apply to all of the servicing provisions of Regulation X; proposed revisions to how a servicer responds to requests for information asking for loan ownership information; amendments to the required force-placed insurance disclosures to account for when a borrower has insufficient, rather than expiring or expired, hazard insurance coverage; proposed clarifications to the early intervention live contact obligations and written early intervention notice obligations; proposals to require servicers to provide written early intervention notices to certain borrowers who are in bankruptcy or who have invoked their cease communication rights under the Federal Debt Collection Practices Act (FDCPA).

In addition, the Bureau proposed several amendments to the loss mitigation requirements in § 1024.41, including a proposal to require servicers to meet the loss mitigation requirements more than once in the life of a loan for borrowers who become current after a delinquency; a proposal to modify the existing exception to the 120-day prohibition on foreclosure filing to allow a servicer to join the foreclosure action of a senior lienholder; a proposal to clarify that servicers have significant flexibility in setting a reasonable date by which a borrower must return documents and information to complete an application, so long as such date maximizes borrower protections; a proposal to clarify that servicers must take affirmative steps to delay a foreclosure

sale, and that a servicer who has not taken, or caused counsel to take, all reasonable affirmative steps to delay the sale, is required to dismiss the foreclosure action if necessary to avoid the sale; a proposal to require that servicers promptly send a written notice containing certain prescribed content once they receive a complete loss mitigation application; a proposal to address how servicers obtain information not in the borrower's control and evaluate a loss mitigation application while waiting for such third party information; a proposal to permit servicers to offer a short-term repayment plan based upon an evaluation of an incomplete application; a proposal to clarify that servicers may stop collecting loss mitigation information from a borrower after receiving information confirming that the borrower is ineligible for a specific loss mitigation option; and a proposal to clarify how loss mitigation procedures and timelines apply to a transferred mortgage loan for which there is a loss mitigation application pending at the time of a servicing transfer.

Of the above proposed amendments, the following six proposed requirements involve information collections or changes to existing information collection requirements in Regulation X:

Successors in interest. That servicers communicate with potential successors in interest about their requirements for confirming a successor in interest's identity and interest in the property and that servicers treat successors in interest as borrowers for purposes of Regulation X's mortgage servicing rules.

Force-placed insurance notices. Minor changes to force-placed insurance notices to address the circumstance in which a borrower's hazard insurance coverage is insufficient (rather than expired) and to permit the consumer's account number to be included on the notice.

Early intervention written notices to borrowers in bankruptcy or protected by FDCPA. That servicers provide early intervention written notices to borrowers in bankruptcy and to borrowers who have provided the servicer with a cease communications notice under the FDCPA.

Notice of complete application. That servicers provide a notice to borrowers when a loss mitigation application is complete.

Third-party information. That servicers provide a notice to borrowers if their determination with respect to a loss mitigation application is delayed beyond a date that is 30 days after receipt of a complete loss mitigation application because information from third parties required to evaluate the application has not been submitted.

Multiple loss mitigation evaluations. That servicers comply with the loss mitigation provisions of RESPA with respect to multiple loss mitigation applications from the same borrower over the life of the loan. Servicers that offer loss mitigation options in the ordinary course of business are required to follow certain procedures when evaluating loss mitigation applications, including (1) providing a notice telling the borrower if the loss mitigation application is incomplete, approved, or denied (and, for denials of loan modification requests, a more detailed notice of the specific reason for denial and appeal rights), (2) providing a notice of the appeal determination, and (3) providing servicers of senior or second liens encumbering the

property that is the subject of the loss mitigation application copies of the loss mitigation application.

2. Use of the Information

The third party disclosures in this collection are required by statute and regulations. Borrowers use the disclosures required by RESPA and Regulation X to facilitate their informed use of credit terms as well as to protect themselves against inaccurate and unfair credit billing practices. Disclosures are not submitted to the federal government.

The Bureau is proposing to expand the scope of servicers' obligation to provide certain disclosures, including:

Successors in interest. Requiring servicers to treat successors in interest as borrowers for purposes of Regulation X's mortgage servicing rules (including with respect to the provision of any disclosures servicers are currently required to provide to borrowers).

Early intervention written notices to borrowers in bankruptcy or protected by the FDCPA. Requiring servicers to provide early intervention written notices to borrowers in bankruptcy and to borrowers who have provided the servicer with a cease communications notice under the FDCPA.

Multiple loss mitigation evaluations. Requiring that servicers comply with the loss mitigation provisions of RESPA with respect to multiple loss mitigation applications from the same borrower, including by providing a notice telling the borrower if the loss mitigation application is incomplete, approved, or denied; providing a notice of an appeal determination; and providing servicers of senior or second liens encumbering the property that is the subject of the loss mitigation application copies of the loss mitigation application.

In addition, the Bureau is proposing to adopt minor changes to force-placed insurance notices to address the circumstance in which a borrower's hazard insurance coverage is insufficient (rather than expired) and permit the consumer's account number to be included on the notice.

The following information collections would be new requirements under the Bureau's proposal:

Successors in interest. The proposed requirement that servicers communicate with potential successors in interest about the servicer's requirements for confirming a successor in interest's identity and interest in the property.

Notice of complete application. The proposed requirement that servicers provide a notice to borrowers when a loss mitigation application is complete.

Third-party information. The proposed requirement that servicers provide a notice to borrowers if their determination with respect to a loss mitigation application is delayed beyond a

date that is 30 days after receipt of a complete loss mitigation application because information from third parties required to evaluate the application has not been submitted.

3. Use of Information Technology

The required disclosures may be provided in electronic form, subject to compliance with the consumer consent and other applicable provisions of the E-Sign Act Section 101(d)

4. Efforts to Identify Duplication

The early intervention and loss mitigation procedures in the proposed rule may overlap with existing Federal law. The Bureau is issuing minimum standards so that, to the extent requirements proposed by Bureau overlap with existing Federal law, the Bureau expects servicers would abide by the stricter standard in order to comply with all requirements. Further, to the extent a contact required by the Bureau's early intervention requirements conflict with other Federal law, the Bureau has included a provision that states that the Bureau's early intervention requirements do not require a servicer to communicate with a borrower in a manner otherwise prohibited by applicable law. For borrowers that have specifically invoked the FDCPA's cease communication protections, the Bureau is proposing to provide servicers a safe harbor from liability under the FDCPA for compliance with the requirement to provide the written early intervention notice.

Apart from this overlap, the Bureau is not aware of any other Federal law or regulations that currently duplicate, overlap, or conflict with the proposals under consideration.

5. Efforts to Minimize Burdens on Small Entities

Under the proposed rule, the Bureau estimates that approximately 87 percent of respondents are small entities. Servicers that service 5,000 mortgage loans or less, all of which the servicer or an affiliate owns or originates, are exempt from most of the requirements of §§ 1024.37 through 1024.41. As such, small servicers are generally exempt from the proposals necessitating data collection.

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 ensure that (i) successors in interest do not unnecessarily enter foreclosure, (ii) borrowers receive accurate information about any force-placed insurance policies servicers may obtain on their property, (iii) borrowers who are in bankruptcy or who have exercised their cease communication rights under the FDCPA receive necessary information, (iv) borrowers know the status of their loss mitigation application, and (v) borrowers who previously applied for a loss mitigation option have another opportunity to be evaluated for loss mitigation if they bring their loan current.

The burdens on respondents are also necessary to ensure that servicers have a reasonable

basis for undertaking actions that may harm borrowers and that servicers satisfy their duties to borrowers with respect to servicing federally related mortgage loans.

7. Circumstances Requiring Special Information Collection

There are no special circumstances. The collection of information is conducted in a manner consistent with the guidelines in 5 CFR 1320.5(d)(2).

8. Consultation Outside the Agency

In accordance with 5 CFR 1320.11, the Bureau has published a notice of proposed rulemaking in the *Federal Register* inviting the public to comment on the information collection requirements contained in the proposed rule. Comments received in response to the notice of proposed rulemaking will be addressed in the preamble to the final rule.

Prior to issuing the proposed rule, the Bureau consulted with HUD and other Federal agencies consistent with section 1022 of the Dodd-Frank Act. In developing the proposed rule, the Bureau has considered the proposed rule's potential benefits, costs, and impacts.¹

The proposal sets forth a preliminary analysis of these effects, and the Bureau requested comments on this topic. In addition, the Bureau has consulted, or offered to consult, with the prudential regulators, HUD, FHFA, the Federal Trade Commission, and the Federal Emergency Management Agency, including regarding consistency with any prudential, market, or systemic objectives administered by such agencies. The Bureau also held discussions with and solicited feedback from the United States Department of Agriculture Rural Housing Service, the Federal Housing Administration, Ginnie Mae, and the Department of Veterans Affairs regarding the potential impacts of the proposed rule on those entities' mortgage loan insurance or securitization programs. 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. Assurances of Confidentiality

There are no assurances of confidentiality provided to respondents.

11. Justification for Sensitive Questions

¹ Specifically, section 1022(b)(2)(A) of the Dodd-Frank Act calls for the Bureau to consider the potential benefits and costs of a regulation to consumers and covered persons, including the potential reduction of access by consumers to consumer financial products or services; the impact on depository institutions and credit unions with \$10 billion or less in total assets as described in section 1026 of the Dodd-Frank Act; and the impact on consumers in rural areas.

There is no information of a sensitive nature being requested.

12. Estimated Burden of Information Collection

The existing burden for the information collection is as follows

	Respondents	Disclosures Per Respondent	Hours burden per disclosure	Total burden hours
Ongoing:				
Notice of Mortgage Service Transfer	12,642	735	0.003	27,861
Force-Placed Insurance	12,642	86	0.003	3,261
Error Resolution & Response to Inquiries	12,642	45	0.170	97,187
Early intervention	1,023	31	0.253	7,975
Loss Mitigation	1,023	5,474	0.170	949,847
Total	12,642	1,311	0.066	1,086,131 ²

The estimated new one-time and ongoing costs attributed to the information collections in the proposed rules are listed below.

	Respondents	Disclosures per Respondent	Hours Burden per Disclosure	Total Burden Hours
<u>Ongoing</u>				
Successors in Interest—Regulation X	12,711	6	0.013	1,086
Force-Placed Insurance	12,711	0	0	0
Early Intervention Written Notices	502	1,487	0.003	2,239
Notice of Complete Loss Mitigation Application	502	0	0	0
Third-Party Information	502	52	0.003	67
Loss Mitigation—Subsequent Applications	502	837	0.144	60,571
Total	12,711	100	0.050	63,963
<u>One-Time</u>				
Successors in Interest—Regulation X	12,711	1	4.7	59,742
Force-Placed Insurance	12,711	1	0.269	3,418
Early Intervention Written Notices	502	1	1.695	851
Notice of Complete Loss Mitigation Application	502	1	2.640	1,326
Third-Party Information	502	1	2.690	1,351
Loss Mitigation—Subsequent Applications	502	1	0.578	290
Total	12,711			66,978

Under the proposal, the Bureau would account for the paperwork burden for all respondents under Regulation X. For purposes of this PRA analysis, the Bureau estimates that there are 11,323 depository institutions and credit unions subject to the final rule, and an additional 1,388 nondepository institutions. Therefore, the total number of respondents is 12,711.

The Bureau calculates labor costs by applying appropriate hourly cost figures to the burden hours described below. The hourly rates for lawyers and software developers are based upon the Bureau of Labor Statistics' national mean hourly wage estimates by occupational

² The current OMB inventory is 1,115,115 hours. The variances results from rounding in the database used for the economic analysis.

employment. The estimate for customer service agents reflects reports to the Bureau by market participants. To obtain fully-loaded hourly rates, the Bureau divides hourly wages by 67.5%. The fully-loaded hourly labor cost by occupation is given below.

In-house Costs Estimates

<u>Occupation</u>	<u>Hourly Costs to Institutions</u>
Customer Service Agents	\$19
Lawyers	\$93
Software developer	\$74
Compliance officer	\$47

Most servicers rely upon vendor servicing systems because the use of vendors substantially mitigates the cost of revising software and compliance systems as the efforts of a single vendor can address the needs of a large number of servicers. Based on discussions with a leading servicer technology provider, the CFPB believes that updates necessitated by new regulations would likely be included in regular annual updates for larger and medium sized institutions. These costs would not be passed on to the client servicers. Based on information provided by small entity representatives that participated in the Small Business Review Panel process for the 2013 RESPA Servicing Final Rule, the Bureau estimates that vendors that work with smaller servicers will pass along the costs of any system upgrades.

Although most servicers rely on software and compliance systems provided by outside vendors, a small number of large entities maintain their own servicing platforms and will require software and information technology updates. The Bureau estimates that one large depository respondent and 29 large nondepository respondents operate in-house servicing platforms.

Based upon industry research, the Bureau applied a consistent methodology to estimate the ongoing costs incurred by large and small servicers. All respondents will have ongoing production and distribution costs from providing new or pre-existing modified disclosures. Production costs include deriving the information needed for disclosure, while distribution costs consist of printing and mailing. The Bureau believes that most large servicers (both depository and nondepository) employ vendors for the printing and distribution of their disclosures. Based upon talks with large servicers, the Bureau estimates the per response distribution cost for large servicers is approximately 30 cents. On the other hand, production costs are more likely to be handled internally at large servicers, which the Bureau estimates takes 0.003 hours of internal labor to produce.

A. *Successors in Interest*

Under the Bureau’s proposal, servicers would be required (1) to respond to a written request from a person that indicates that the person may be a successor in interest by providing that person with information regarding what documents the servicer requires to confirm the person’s identity and ownership interest in the property and (2) to have policies and procedures to ensure that the servicer can provide promptly upon request a description of what documents the servicer reasonably requires to confirm the person’s identity and ownership interest in the

property, provide promptly that information to the person, and, upon the receipt of such documents, notify the person promptly, as applicable, that the servicer has confirmed the person's status, has determined that additional documents are required (and what those documents are), or has determined that the person is not a successor in interest. Servicers would also be subject to Regulation X's requirements, including loss mitigation requirements, with respect to successors in interest.

i. One-time burden

The Bureau estimates that, for each covered person, one lawyer and one compliance officer would take 0.1 hours each to read and review the sections of the rule that describe the successors in interest provision, based on the length of the sections. The burden allocated to the Bureau respondents is therefore $0.1 * 2 * 12,711 = 2,542$ hours.

Certain respondents will have one-time burden in hours from training personnel in compliance with the proposed requirement. The Bureau estimates that there are 52,000 customer service agents that will require training, that each customer service agent will require one hour of training to comply with the proposed disclosure requirements, and that the ratio of trainers to customer service agents is one to ten. The aggregate one-time burden associated with training is therefore $1.1 * 52,000 = 57,200$.

ii. Ongoing burden

Based on discussions with servicers and its knowledge of the industry, the Bureau estimates that each year the number of successors in interest covered by the rule is 0.1% of all mortgage loans covered by Regulation Z. The Bureau has previously estimated that the annual burden of complying with the servicing rules in Regulation X is 1,086,000 hours. Because the successors in interest proposal would increase this burden by 0.1%, the estimated annual burden of the successors in interest proposal is $0.001 * 1,086,000 = 1,086$ hours.

Successors in Interest	
Bureau share of respondents	12,711
Bureau share of responses	76,266
Average frequency per respondent	6
Annual Burden (hrs):	
Time per response (hours)	1,086
Total (hours)	0.013

B. Changes to Force-Placed Insurance Disclosures

The proposed rule makes minor changes to the content of required force-placed insurance notices, which are required before a servicer may charge a borrower for force-placed insurance.

i. One-time burden

The Bureau estimates that, for each covered person, one lawyer and one compliance officer would take 0.13 hours each to read and review the sections of the rule that describe the force-placed insurance provision, based on the length of the sections. The burden allocated to the Bureau respondents is therefore $0.13 \times 2 \times 12,711 = 3,178$ hours.

Covered persons that maintain their own software and compliance systems would incur one-time costs to adapt their software and compliance systems to produce the new forms. The Bureau estimates that the 30 institutions with their own servicing platforms will each require 8 hours to update their systems. Therefore, the aggregate one-time hourly burden from software and information technology updates is $30 \times 8 = 240$ hours. The Bureau also estimates that small servicers will incur vendor costs of \$72 each in connection with the change to the force-placed insurance disclosures.

ii. Ongoing burden

Because the content of the required notices would not change substantially under the proposed rule and the circumstances under which the disclosures are required would not change, there would not be an ongoing burden under the proposed rule.

Changes to Force-Placed Insurance Disclosures	
Bureau share of respondents	12,711
Bureau share of responses	0
Average frequency per respondent	0
Annual Burden (hrs):	
Time per response (hours)	0
Total (hours)	0

C. Early Intervention Written Notices

The proposed rule requires that servicers send written early intervention notices to borrowers in bankruptcy and borrowers who have exercised their cease communication rights under the FDCPA. For borrowers in bankruptcy, the servicer would be required to send the same early intervention notice that is required to be sent to other borrowers. However, for notices sent to borrowers who have exercised their FDCPA cease communication rights, the notices would be subject to certain additional requirements. Note that borrowers have rights under the FDCPA only with respect to accounts that were delinquent at the time the servicer acquired the servicing rights. Therefore, servicers that do not acquire servicing rights in the course of their business would not be subject to the rule's requirements.

i. One-time burden

The Bureau estimates that, for each covered person, one lawyer and one compliance

officer would take 0.25 hours each to read and review the sections of the rule that describe the early intervention written notice provision, based on the length of the sections. The burden allocated to the Bureau respondents is therefore $0.25 \times 2 \times 502 = 251$ hours.

Covered persons that maintain their own software and compliance systems would incur one-time costs to adapt their software and compliance systems to produce the new forms. The Bureau estimates that the 30 institutions with their own servicing platforms will each require 20 hours to update their systems. Therefore, the aggregate one-time hourly burden from software and information technology updates is $30 \times 20 = 600$ hours.

ii. Ongoing burden

Respondents will have ongoing production and distribution costs from providing the new disclosure. The Bureau estimates the annual number of early intervention notices that would be sent to borrowers who are in bankruptcy or who have exercised their cease communication rights under the FDCPA to be 746,300. The Bureau estimates that large servicers will incur internal production costs of approximately 0.003 hours per disclosure, multiplied by 746,300 disclosures, resulting in 2,239 burden hours. Large servicers will also incur distribution costs of \$0.30 per response from their print vendors for the distribution of the periodic statements, for an annual aggregate cost of \$224,000.

Early Intervention Written Notices	
Bureau share of respondents	502
Bureau share of responses	746,300
Average frequency per respondent	1,487
Annual Burden (hrs):	
Time per response (hours)	0.003
Total (hours)	2,239

D. Notice of Complete Loss Mitigation Application

The Bureau’s proposal requires a servicer to provide a written notice to a borrower promptly upon receiving the borrower’s complete application. The Bureau understands that the practice of providing borrowers with a written notice informing them that their loss mitigation application is complete is a common business practice (*i.e.*, a “usual and customary” business practice) today for most mortgage servicers. However, the Bureau understands that the specific content of the proposed notices may not reflect common practices.

i. One-time burden

The Bureau estimates that, for each covered person, one lawyer and one compliance officer would take 0.13 hours each to read and review the sections of the rule that describe the early intervention written notice provision, based on the length of the sections. The burden

allocated to the Bureau respondents is therefore $0.13*2*502=126$ hours.

Covered persons that maintain their own software and compliance systems would incur one-time costs to adapt their software and compliance systems to produce the new forms. The Bureau estimates that the 30 institutions with their own servicing platforms will each require 40 hours to update their systems. Therefore, the aggregate one-time hourly burden from software and information technology updates is $30*40=1,200$ hours.

ii. Ongoing burden

The Bureau believes that the majority of covered mortgage servicers currently send a written notice to borrowers notifying them that their loss mitigation application is complete, meaning that the provision of such written notices is usual and customary for covered mortgage servicers. Therefore, while the proposed rule would likely change the content of such required disclosures and therefore impose one-time costs, there would be no ongoing costs associated with the proposal.

Notice of Complete Loss Mitigation Application	
Bureau share of respondents	502
Bureau share of responses	0
Average frequency per respondent	0
<i>Annual Burden (hrs):</i>	
Time per response (hours)	0
Total (hours)	0

E. Notice Regarding Outstanding Third-Party Information

The proposed rule requires written notice to borrowers if, thirty days following submission of a complete loss mitigation application, the servicer has not received information from a party other than the servicer or the borrower and is necessary to evaluate the application.

i. One-time burden

The Bureau estimates that, for each covered person, one lawyer and one compliance officer would take 0.15 hours each to read and review the sections of the rule that describe the third-party information provision, based on the length of the sections. The burden allocated to the Bureau respondents is therefore $0.15*2*502=1,351$ hours.

Covered persons that maintain their own software and compliance systems would incur one-time costs to adapt their software and compliance systems to produce the new forms. The Bureau estimates that the 30 institutions with their own servicing platforms will each require 40 hours to update their systems. Therefore, the aggregate one-time hourly burden from software and information technology updates is $30*40=1,200$ hours.

ii. *Ongoing burden*

Respondents will have ongoing production and distribution costs from providing the new disclosure. The Bureau estimates the annual number of notices that would be sent to borrowers under the proposed provision to be 22,270. The Bureau estimates that large servicers will incur internal production costs of approximately 0.003 hours per disclosure, multiplied by 22,270 disclosures, resulting in 67 burden hours. Large servicers will also incur distribution costs of \$0.30 per response from their print vendors for the distribution of the periodic statements, for an annual aggregate cost of \$7,000.

Notice Regarding Outstanding Third-Party Information	
Bureau share of respondents	502
Bureau share of responses	22,270
Average frequency per respondent	52
Annual Burden (hrs):	
Time per response (hours)	0.003
Total (hours)	67

F. *Requirement to Evaluate Multiple Loss Mitigation Applications*

Currently, servicers (other than small servicers) are required to comply with the loss mitigation provisions of § 1024.41 only once during the life of a loan, including the provision of up to three notices per loss mitigation application. Under the proposed rule, servicers would be required to comply with the loss mitigation provisions of § 1024.41 for borrowers who have previously completed a loss mitigation application, so long as the borrower has become current in the period following the completion of the application.

i. *One-time burden*

The Bureau estimates that, for each covered person, one lawyer and one compliance officer would take 0.05 hours each to read and review the sections of the rule that describe the loss mitigation provision, based on the length of the sections. The burden allocated to the Bureau respondents is therefore $0.05 \times 2 \times 502 = 50$ hours.

Covered persons that maintain their own software and compliance systems would incur one-time costs to adapt their software and compliance systems to produce the new forms. The Bureau estimates that the 30 institutions with their own servicing platforms will each require 8 hours to update their systems. Therefore, the aggregate one-time hourly burden from software and information technology updates is $30 \times 8 = 240$ hours.

ii. *Ongoing burden*

The Bureau estimates the annual number of notices that would be sent to borrowers under the proposed provision to be 357,000. The Bureau assumes that the average loss mitigation action will involve 10 minutes of staff time, for an aggregate industry burden of $357,000 \times 0.167 = 59,500$ hours. Respondents will also have ongoing production and distribution costs from providing additional disclosure. The Bureau estimates that large servicers will incur internal production costs of approximately 0.003 hours per disclosure, multiplied by 357,000 disclosures, resulting in 1,071 burden hours. Large servicers will also incur distribution costs of \$0.30 per response from their print vendors for the distribution of the periodic statements, for an annual aggregate cost of \$107,000.

Requirement to Evaluate Multiple Loss Mitigation Applications	
Bureau share of respondents	502
Bureau share of responses	357,000
Average frequency per respondent	837
Annual Burden (hrs):	
Time per response (hours)	0.144
Total (hours)	60,571

G. Summary

The Bureau’s previous estimates of the ongoing hourly costs for each information collection prior to application of the proposed rules are listed below.

13. Estimated Total Annual Cost Burden to Respondents or Recordkeepers

Information Collection	Per Unit Costs	Quantity	Costs
Successors in Interest—Regulation X			\$4,731
Early Intervention Written Notices	\$0.30	746300	\$223,890
Third-Party Information	\$0.30	22,270	\$6,681
Loss Mitigation—Subsequent Applications	\$0.30	357,000	\$107,100
Total Burden Costs:	////////////////////	////////////////////	\$342,402

The Bureau estimates that covered persons will incur total vendor costs of \$342,000 associated with producing and mailing the aforementioned disclosures. The Bureau has previously estimated that the annual vendor costs of complying with certain of the servicing rules in Regulation X is \$4,731,000. Because the successors in interest proposal would increase this burden by an estimated 0.1%, the estimated vendor costs of the successors in interest proposal is $0.001 \times \$4,731,000 = \$4,731$. For proposed written notices, the Bureau estimates that large servicers incur a cost of \$0.30 per disclosure to distribute the notices. The estimated total annual cost burden to respondents of the early intervention written notice requirement is therefore approximately $\$0.30 \times 746,300 = \$223,890$; for third-party information notices, approximately $\$0.30 \times 22,270 = \$6,681$; and for subsequent loss mitigation applications, approximately $\$0.30 \times 357,000 = \$107,100$.

14. Estimated Cost to the Federal Government

Because the Bureau does not collect any information, the cost to the Bureau is negligible.

15. Program Changes or Adjustments

Summary of Burden Changes

	Total Respondents	Annual Responses	Burden Hours	Cost Burden (O & M)
New Burden Requested	12,711	17,854,170	1,179,078	7,393,918
Current OMB Inventory	12,642	16,585,152	1,115,115	7,051,516
Difference (+/-)	+69	+1,269,018	+63,963	+342,402
Program Change				
Discretionary		+1,179,747	+58,068	+340,690
New Statute				
Violation				
Adjustment	+69	+89,271	+5,895	+1,712

The Bureau is proposing to make adjustments to disclosures currently required by Regulation X's mortgage servicing rules. As described above, this collection is an existing information collection under Regulation X. For a more detailed description, see the previous response to A.1 (Justification).

The information collections for the Bureau's disclosures with respect to successors in interest, notices of complete application, and notices of delayed evaluation pending receipt of third-party information are new requirements under the proposed rule. The agency is therefore increasing the burden by 63,963 hours and by \$342,402 in costs burden. The additional burdens resulting from the proposed disclosure requirements are recorded as program changes. We have also increased our estimate of affected respondents from 12,642 to 12,711. The burden resulting from the new estimate for respondents is recorded as an adjustment. For a more detailed explanation of these adjustments, see the previous response to A.1 (Justification).

16. Plans for Tabulation, Statistical Analysis, and Publication

The information collections are third-party disclosures. There is no publication of the information.

17. Display of Expiration Date

The OMB number will be displayed in the PRA section of the notice of final rulemaking and in the codified version of the Code of Federal Regulations. Further, the OMB control

number and expiration date will be displayed on OMB's public PRA docket at www.reginfo.gov.

18. Exceptions to the Certification Requirement

The Bureau certifies that 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.