

**BUREAU OF CONSUMER FINANCIAL PROTECTION
REQUEST FOR APPROVAL UNDER THE GENERIC CLEARANCE
COMPLIANCE COSTS AND OTHER EFFECTS OF REGULATIONS
(OMB Control Number: 3170-0032)**

PART A: JUSTIFICATION FOR THE INFORMATION COLLECTION

1. TITLE OF INFORMATION COLLECTION: Voluntary Mortgage Lender Survey

2. PURPOSE: The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) requires that the Consumer Financial Protection Bureau (CFPB, or Bureau) assess its significant rules within 5 years of a rule’s effective date. The Bureau has determined that its January 2013 final rule titled “Ability-to-Repay and Qualified Mortgage Standards Under the Truth in Lending Act,” (ATR/QM Rule) with subsequent amendments, is a significant rule. The Act requires that the Bureau’s assessment reflect available evidence and data that the Bureau may reasonably collect. This information collection will allow the Bureau to reach out to a cross-section of stakeholders and gather qualitative information from them about their experiences with the rule.

This survey is one part of an overall effort to fulfill our obligation to assess the ATR/QM Rule’s effectiveness in meeting its stated goals and the goals in Title X of Dodd-Frank and evaluate the burdens it imposed on the regulated entities. As part of its broader information collection related to the assessment the Bureau has obtained or is working to obtain data from a number of other sources. Among them:

- The Bureau is collecting application-level data (stripped of personally identifiable information) from nine mortgage lenders. These data are not representative of the market, but will help us understand whether the specific rule requirements led to the outcomes the Bureau was seeking and whether, conversely, some of the rule requirements did not appear to have an impact or unintended consequences.
- The Bureau will use loan-level datasets, such as NMDB or Corelogic, that contain information about debt-to-income ratios to analyze the impact of the debt-to-income threshold requirement of the rule.
- The Bureau will conduct interviews with lenders to research and understand any changes in pricing and underwriting strategies made by creditors in connection with the requirements of the rule and the possible impact on access to credit for consumers.
- The Bureau’s complaint database gives insight into where consumers may be having problems with the rule.

The primary contribution of this lender survey in the context of these other data sources is to reach a broader community of mortgage lenders. Currently, the Bureau is relying on submissions from nine mortgage lenders to understand policy responses. All these nine are large national lenders. This lender survey is designed to enhance our understanding of policy responses among the smaller lenders. Furthermore, the Bureau plans to conduct follow-up interviews with select lenders – see the questionnaire for structured interviews as a part of this proposal – in order to obtain deeper understanding of responses obtained through lender survey. A lot of relevant detail, particularly in the context of income documentation requirements, is qualitative and is

difficult to capture in a short, multiple choice question on the survey. In addition providing needed breadth and depth of knowledge regarding lender’s policy responses to the rule, the survey provides industry participants with another opportunity to speak about their experiences around the rule.

The Bureau recognizes that the data provided by this survey will be limited, because the Bureau does not expect responses to the survey to be statistically representative of the market as a whole. For example, the rule established a threshold on the points and fees a lender could charge for a QM loan. In discussing this threshold, the Bureau might say, for example, that “Of the lenders that responded to our survey, on average, x% of lenders often waived certain fees or increased the interest rate to stay under this threshold.” However, even in this limited, not statistically representative form, our knowledge regarding the impact of the rule will be vastly improved.

The Bureau stated in its announcement of the assessment that the Bureau does not plan for the assessment report to contain specific proposal by the Bureau to modify any rules.¹ The Bureau expects that the report will inform it and the public on the effectiveness of the ATR/QM Rule. After the report is complete, the Bureau will evaluate whether to engage in substantive policy development, which could include additional research and development of proposed changes to the rule through the notice and comment process. The Bureau does not intend for this survey or the assessment to alone inform any policy changes.

The Bureau will not make the results of this data collection into a public-use dataset.

3. DESCRIPTION OF RESPONDENTS: The survey respondents will be mortgage lenders made up of banks, credit unions, independent mortgage companies, and affiliated mortgage companies.

4. TYPE OF COLLECTION (ADMINISTRATION OF THE INSTRUMENT):

a. How will you collect the information? (Check all that apply)

- | | |
|--|---|
| <input checked="" type="checkbox"/> Web-based or other forms of Social Media | <input checked="" type="checkbox"/> Telephone |
| <input type="checkbox"/> In-person | <input type="checkbox"/> Mail |
| <input type="checkbox"/> Small Discussion Group | <input type="checkbox"/> Focus Group |
| <input type="checkbox"/> Other, Explain _____ | |

b. Will interviewers or facilitators be used?

- Yes No Not Applicable

Bureau staff will conduct a limited follow up to the survey – for respondents who have agreed to be contacted – via phone interviews.

5. PERSONALLY IDENTIFIABLE INFORMATION:

¹ See the *Federal Register* <https://www.federalregister.gov/d/2017-11218/p-22>.

- a. **Is personally identifiable information (PII) collected?** Yes No
- b. **If Yes, is the information that will be collected included in records that are subject to the Privacy Act of 1974?** Yes No Not Applicable
If applicable, what is the link to the Privacy Impact Assessment (PIA)?

Industry, Expert, Community Input, and Engagement PIA:

https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/20161101_cfpb_Industry_Expert_Community_Input_and_Engagement_PIA.pdf

- c. **If Applicable, has a System or Records Notice (SORN) been published?**
 Yes No Not Applicable
 If yes, cite the SORN. Title: [CFPB.022 Market and Consumer Research Records](#),
 ___ FR 77 FR 67802 _____.

6. INCENTIVES:

- a. **Is an incentive provided to participants?** Yes No
- b. **If Yes, provide the amount or value of the incentive?** \$ _N/A_____.
- c. **If Yes, provide a statement justifying the use and amount of the incentive.**
 N/A

7. BURDEN HOURS

Collection of Information	Maximum Number of Respondents	Responses per Respondent (Frequency)	Maximum Number of Responses	Participation Time (hours) ²	Burden Hours
Industry Survey Form	400	1	400	0.5	200
Follow-up lender phone interviews	20	1	20	1	20
Totals:	400*		420		220

*Respondents to the phone interviews are a subset of those who responded to the survey.

8. FEDERAL COST: The estimated annual cost to the Federal government is \$ ____0_____.

² Our preliminary outreach has shown that it will take a respondent 20 minutes to complete the survey. Adding another 10 minutes for a conservative estimate.

**PART B: COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL
METHODS OR CONDUCTING A SURVEY OF FOCUS GROUP**

If you are conducting a focus group, survey, or plan to employ statistical methods, please provide answers to the following questions:

1. RESPONDENT UNIVERSE AND SELECTION METHODS

- a. Do you have a customer list or something similar that defines the universe of potential respondents and do you have a sampling plan for selecting from this universe?**

Yes No

- b. If the answer is Yes, please provide a description below (or attach the sampling plan). If the answer is No, please provide a description of how you plan to identify your potential group of respondents and how you will select them.**

Through the collection of HMDA data from mortgage lenders, the Bureau can determine the universe of potential respondents who met the HMDA reporting requirements and filed 2016 data.

- c. The selection of your targeted respondents. Provide a description of how you plan to identify your potential group of respondents and how you will select them.**

In 2016, the universe of HMDA filers included 3,794 banks, 1,911 credit unions, 820 independent mortgage companies, and 115 affiliated mortgage companies totaling 6,640 HMDA data respondents. In order to help us understand the unique challenges facing different institutions of varying sizes and spot any issues that may be unique to a certain subset of regulated entities, the Bureau will target respondents by identifying small, medium, and large mortgage lenders based on the total number of 2016 mortgage originations across each type of institution: banks, credit unions, independent mortgage companies, and affiliated mortgage companies. The Bureau will request data from 200 banks, 30 credit unions, 150 independent mortgage companies, and 20 affiliated mortgage companies. Based on RMR judgment from past collections, the Bureau expects a response rate of 20% for this survey.

Respondents to follow up phone interviews will self-identify themselves by agreeing to have such a conversation (checking the appropriate box on the survey). The Bureau plans to conduct at most 20 phone interviews.

2. INFORMATION COLLECTION PROCEDURES

The Bureau will send mortgage lenders an email with a link to a web-based version of the survey where responses will be recorded. Only the Assessment team will have access to the collected responses. The Bureau will not use the provided data to make statistical claims about the overall mortgage market, but will aggregate selected responses and present findings and comments attributed to lenders that responded to the Bureau's voluntary survey.

3. METHODS TO MAXIMIZE RESPONSE RATES AND ADDRESS ISSUES OF NON-RESPONSE

The Bureau conducted informal, preliminary outreach to the Mortgage Bankers Association (MBA) to understand potential burden and to receive their feedback associated with survey participation. Based on the outreach to the MBA, the Bureau believes that it has minimized as much potential burden as possible in an effort to maximize response rate. The Bureau will also give the MBA the opportunity to send the survey link to their members. They are not required to send the link but if they choose to distribute the survey in this manner, we believe the additional marketing and distribution method will maximize response rate. If, after 30 days, the Bureau does not receive data or other responses then a reminder email will be sent.

The Bureau does not believe that this information collection will result in a representative sample of all lenders and is only intended as a way of getting structured, but qualitative data about the effect of the rule. The Bureau is prepared to aggregate all voluntarily shared data and report findings with the qualification that the data only reflect firms that voluntarily provided information to the Bureau.

4. TESTING OF PROCEDURES OR METHODS

The Bureau received informal feedback from National and California MBA representatives regarding survey participation. Generally, those who provided feedback said that the overall burden was low in responding to the survey. The Bureau has found that the mortgage lending industry is willing and able to provide their responses to the survey in order to inform public policy and this assessment.

5. CONTACT INFORMATION FOR STATISTICAL ASPECTS OF THE DESIGN

Sergei Kulaev, PhD.
Economist, Office of Research
Consumer Financial Protection Bureau

Sergey.Kulaev@cfpb.gov

PART C: CERTIFICATIONS

CERTIFICATION PURSUANT TO 5 CFR 1320.9, AND THE RELATED PROVISIONS OF 5 CFR 1320.8(b)(3) :

By submitting this document, the Bureau certifies the following to be true:

- (a) It is necessary for the proper performance of agency functions;
- (b) It avoids unnecessary duplication;
- (c) It uses plain, coherent, and unambiguous terminology that is understandable to respondents;
- (d) Its implementation will be consistent and compatible with current reporting and recordkeeping practices;
- (e) It indicates the retention period for recordkeeping requirements;
- (f) It informs respondents of the information called for under 5 CFR 1320.8(b)(3):
 - (i) Why the information is being collected;
 - (ii) Use of information;
 - (iii) Burden estimate;
 - (iv) Nature of response (voluntary);
 - (v) Nature and extent of confidentiality; and
 - (vi) Need to display currently valid OMB control number;
- (g) It was developed by an office that has planned and allocated resources for the efficient and effective management and use of the information to be collected;
- (h) It uses effective and efficient statistical survey methodology; and
- (i) It makes appropriate use of information technology.

CERTIFICATION FOR INFORMATION COLLECTIONS SUBMITTED UNDER THIS GENERIC INFORMATION COLLECTION PLAN

By submitting this document, the Bureau certifies the following to be true:

- The collection is voluntary.
- The collection is low-burden for respondents and low-cost for the Federal Government.
- The collection is non-controversial and does not raise issues of concern to other federal agencies.
- Information gathered will not be used solely for the purpose of substantially informing influential policy decisions.
- The collection is targeted to the solicitation of opinions from respondents who have experience with the program or may have experience with the program in the future.
- The results will not be used to measure regulatory compliance or for program evaluation.