BUREAU OF CONSUMER FINANCIAL PROTECTION
PAPERWORK REDUCTION ACT SUBMISSION
INFORMATION COLLECTION REQUEST

SUPPORTING STATEMENT PART A
HOME MORTGAGE DISCLOSURE (REGULATION C) 12 CFR 1003
(OMB CONTROL NUMBER: 3170-0008)

OMB TERMS OF CLEARANCE:

When the Office of Management and Budget (OMB) last approved on January 31, 2014, the information collection requirements contained in current Regulation C it provided no Terms of Clearance. When OMB concluded its review of the information collection requirements as contained in the Notice of Proposed Rulemaking (NPRM) for Regulation C (RIN 3170-AA10), the Consumer Financial Protection Bureau (Bureau) was instructed to “resubmit the collection at the final rule stage and provide a summary of comments received on the collection along with a discussion as to whether the agency incorporated the commenter's suggestion, and if not, why not.” Accordingly, this information collection request is being submitted in part in association with amended Regulation C and the comments received in response to the NPRM as well as the Bureau’s response to those comments, which are addressed in the preamble to the final rule.

ABSTRACT:

The Home Mortgage Disclosure Act (HMDA) requires certain depository institutions and for-profit nondepository institutions to collect, report, and disclose data about originations and purchases of mortgage loans, as well as mortgage loan applications that do not result in originations (for example, applications that are denied or withdrawn). The Bureau’s Regulation C, 12 CFR part 1003, implements HMDA. The purpose of the information collection is: (i) to help determine whether financial institutions are serving the housing needs of their communities; (ii) to assist public officials in distributing public-sector investment so as to attract private investment to areas where it is needed; and (iii) to assist in identifying possible discriminatory lending patterns and enforcing antidiscrimination statutes. The information collection will also assist the CFPB’s examiners, and examiners of other federal supervisory agencies, in determining that the financial institutions they supervise comply with applicable provisions of HMDA.

This information collection request (ICR) is being submitted to OMB in association with amended Regulation C (RIN 3170-AA10) , 80 FR 66127 published October 27,2015 and in accordance with 5 CFR 1320.11(f) and 1320.11(h). Further, since the information collection requirements as contained in the current Regulation C are currently scheduled to expire on January 31, 2016 and the information collection requirements as contained in amended Regulation C Regulation C will generally not become effective until January 1, 2018, this ICR is also

comtemporaneously being submitted to OMB under 5 CFR 1320.12. The Bureau is requesting OMB to extend for an additional three years its approval of the information collection requirements as contained in current Regulation C.

PART A. JUSTIFICATION

1. Circumstances Necessitating the Data Collection

Data reported under the Home Mortgage Disclosure Act (HMDA), 12 U.S.C. 2801-2810, represent the primary data source for regulators, industry, advocates, researchers, and economists studying and analyzing trends in the mortgage market for a variety of purposes, including general market and economic monitoring, as well as assessing housing needs, public investment, and possible discrimination. Historically, HMDA has been implemented by Regulation C of the Board, 12 CFR 203, and HMDA data have been collected and reported under OMB control number 7100-0247. Congress has periodically modified the law, and the Board has routinely updated Regulation C, in order to ensure that the data continued to fulfill the HMDA's purposes.

Users of HMDA data, however, have consistently advocated for expansion of HMDA data to keep pace with the mortgage market's evolution, particularly during the market's rapid growth into nontraditional lending products and its subsequent collapse in 2008. In 2010, Congress responded to the mortgage crisis in the Dodd-Frank Act by enacting changes to HMDA as well as directing reforms to the mortgage market and the broader financial system. In addition to transferring rulemaking authority for HMDA from the Board to the Bureau, section 1094 of the Dodd-Frank Act directed the Bureau to implement changes requiring the collection and reporting of several new data points, and authorized the Bureau to require financial institutions to collect and report such other information as the Bureau may require.

HMDA currently requires financial institutions to report certain information related to covered loans. Financial institutions are required to report HMDA data annually to the Bureau or to the appropriate Federal agency. All reportable transactions must be recorded within 30 calendar days after the end of the calendar quarter in which final action is taken on a loan application register, which must also be disclosed to the public upon request. Financial institutions must also make their disclosure statements, which are prepared by the FFIEC from data submitted by the institutions, available to the public upon request.

The CFPB is issuing a final rule to implement amendments to HMDA included in the Dodd-Frank Act, and to make other changes in the CFPB's Regulation C. The final rule would impose new reporting requirements by requiring financial institutions to report additional information required by the Dodd-Frank Act, as well as certain information determined by the Bureau to be necessary and proper to effectuate HMDA's purposes. The final rule also modifies the scope of the institutional and transactional coverage thresholds. Finally, the final rule increases the frequency of reporting for certain large-volume financial institutions and changes the disclosure requirements related to the modified loan/application register and disclosure statement.

2. Use of the Information

The purpose of the information collection is: (1) to help determine whether financial institutions are serving the housing needs of their communities; (2) to assist public officials in distributing public-section investment so as to attract private investment to areas where it is needed; and (3) to assist in identifying possible discriminatory lending patterns and enforcing antidiscrimination statutes. The information collections, which include reporting, recordkeeping, and disclosure requirements, will assist community groups, academics, public officials in determining whether financial institutions are serving the housing needs of their communities, targeting public investment to attract private investment in communities, and identifying possible discriminatory lending patterns and enforce antidiscrimination statutes. The information collections will also assist in earlier identification of trends in the mortgage market, including the cyclical loosening and tightening of credit.

3. Use of Information Technology

The final rule requires financial institutions to submit HMDA data in electronic form. While paper form submssions are allowed under the current rule, in recent years, very few financial institutions have submitted their loan/application registers in paper form. The Bureau is also implementing several operational improvements. For example, the Bureau is considering consolidating the outlets for assistance, providing guidance support similar to the guidance provided for the Title XIV and TILA-RESPA Integrated Disclosure rules; and improving points of contact processes for help inquiries. In addition, the Bureau is improving the geocoding process, creating a web-based submission tool, developing a data-entry system for small financial institutions that currently use Data Entry Software, and otherwise streamlining the submission and editing process to make it more efficient.

4. Efforts to Identify Duplication

Substantially all of the information collected is not otherwise available. No privately-produced loan-level mortgage databases with comprehensive national coverage exist that are easily-accessible by the public. Private data vendors offer a few large databases for sale, but these are typically collected via either the largest servicers or securitizers, and therefore none match the near-universal coverage of the HMDA data. Notably, unlike HMDA, almost all of the commercially-available loan-level databases provided by vendors are for originated loans only and do not include applications that did not result in an origination.

5. Efforts to Minimize Burdens on Small Entities

The CFPB has solicited feedback through the public comment period and by convening a Small Business Review Panel regarding burden minimization. The final rule reflects several changes designed to further this purpose. First, by raising the loan-volume threshold applicable to closed-end mortgage loans to 25 loans and adopting a threshold of 100 open-end lines of credit, the Bureau has provided substantial relief to small entities falling below these thresholds. Second, the Bureau is providing that financial institutions shall make available to the public notices that clearly convey that the institution's disclosure statement and modified loan/application register may be obtained on the Bureau's website. This approach relieves all financial institutions, including small entities, of the obligation to provide the disclosure statement and modified loan/application register to the public directly. Third, the Bureau adopted revisions to transactional coverage criteria that benefits small entities. As one example of this benefit, the revisions to the transactional coverage criteria will eliminate reporting of unsecured home improvement loans. This change reduces reporting burden to small entities to the extent that these entities offer unsecured home improvement products. Finally, the Bureau is making operational enhancements and modifications to improve the data submission process, as described above.

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

HMDA provides for information to be collected annually. The final rule also requires financial institution that reported for the preceding calendar year at least 60,000 covered loans and applications, excluding purchased covered loans, to submit their HMDA data for the first three quarters of the calendar year on a quarterly basis in addition to submitting their HMDA data for the entire calendar year on an annual basis. The Bureau is concerned that less frequent reporting for the highest-volume institutions would impair the ability of the appropriate agencies to use HMDA data to effectuate the purposes of the statute in a timely manner. Because quarterly reporting would permit the Bureau to process a significant volume of HMDA data throughout the year, the Bureau believes that quarterly reporting would allow for the earlier release to the public of HMDA data products. As an alternative to the adopted approach, the Bureau considered requiring semiannual reporting rather than quarterly reporting. Under this approach, large volume reporters would submit their "final" HMDA data for the first and second quarters of the calendar year within 60 days after the end of the second quarter, and their "final" HMDA data for the third and fourth quarters by March 1 of the following year. This alternative approach would not provide data to the agencies that was as timely as the quarterly reporting approach, however, reducing the utility of the data to the agencies as well as the disclosure benefit to the public.

7. Circumstances Requiring Special Information Collection

No special circumstances require the collection to be conducted in a manner inconsistent with the guidelines in 5 CFR 1320.5(d)(2).

Regulation C requires that all reportable transactions be recorded on a loan/application register within thirty calendar days after the end of the calendar quarter in which final action is taken. Regulation C further specifies that a financial institution shall retain a copy of its submitted loan/application register for its records for at least three years. These retention provisions are required by Congress, which provided in HMDA section 304(c) that information required to be compiled and made available under HMDA section 304, other than loan application register information required under section 304(j), must be maintained and made available for a period of five years. HMDA section 304(j)(6) requires that loan application register information for any year shall be maintained and made available, upon request, for three years.

8. <u>Consultation Outside the Agency</u>

New Final Rule Regualtion C (RIN 3170-AA10)

In preparing the notice of proposed rulemaking and the final notice, the CFPB conducted outreach on implementing the Dodd-Frank Act amendments to HMDA and other potential changes to Regulation C by soliciting comments in Federal Register notices and by meeting with a variety of stakeholders, including trade associations, financial institutions, community groups, and other Federal agencies. The Bureau also convened a Small Business Review Panel to obtain feedback from small financial institutions as well as the general public. To prepare the final rule, the Bureau considered the comments presented to the Board during its public hearings, feedback provided to the Bureau during its outreach activities, and public comments provided pursuant to the notice of proposed rulemaking.

A notice of proposed rulemaking (NPRM) for Regualtion C was published August 29, 2014 provding the public 60 days to comment on the proposed rule. Public comments received in response to the NPRM, as well as CFPB's response to those comments are summarized in the preamble to the final rule.

Renewal of the Information Collection Requirements in Current Regulation C

In accordance with 5 CFR 1320.8(d)(1), the Bureau has published a notice in the *Federal Register* allowing the public 60 days to comment on the proposed extension of this currently approved collection of information. No comments regarding the renewal of the existing rule were received. Further and in accordance with 5 CFR 1320.5(a)(1)(iv), the Bureau will publish a notice in the *Federal Register* allowing the public 30 days to comment on the submission of this information collection request to OMB.

9. <u>Payments or Gifts to Respondents</u>

Not applicable.

10. <u>Assurances of Confidentiality</u>

Respondents are financial institutions for which CFPB provides no assurances of confidentiality. Regulation C currently requires this information to be made available to the public except for three fields that are redacted to protect the identities of the individual applicants. The final rule does not specify which fields the Bureau will redact or modify to protect applicant or borrower privacy. The final rule does, however, adopt a framework for making final disclosure decisions, under which the importance of releasing the data to accomplish HMDA's public disclosure purposes is balanced against the potential harm to an applicant or borrower's privacy interest that may result from the release of the data without modification. The Bureau intends to provide a process for the public to provide input on the application of the balancing test to determine the HMDA data to be publicly disclosed. Data not made publicly available are considered confidential under the Bureau's confidentiality regulations, 12 CFR part 1070 *et seq.*, and the Freedom of Information Act. Information that is not disclosed is protected by from unauthorized disclosure by several data security safeguards, including privacy and security awareness training for each individual with internal access to the system, technical access controls, and breach notification processes and plans. More information regarding the privacy and security of the HMDA dataset can be found in the current Privacy Impact Assessment published by the Bureau.[1]

11. Justification for Sensitive Questions

The information collection includes personal information regarding mortgage applicants or borrowers, such as unique loan identifier, address, race/ethnicity, sex, annual income, and credit score. As explained throughout the supplementary information contained in the final rule, this information is necessary to realize the social benefits of HMDA and to fulfil the statutory purposes: (1) to help determine whether financial institutions are serving the housing needs of their communities; (2) to assist public officials in distributing public-section investment so as to attract private investment to areas where it is needed; and (3) to assist in identifying possible discriminatory lending patterns and enforcing antidiscrimination statutes.

A system of records notice is not applicable because information is not retrieved by direct identifier.

Privacy impacts are evaluated throughout the final notice and specifically highlighted in Applicant and Borrower Privacy, part II.B of the supplementary information. The final rule does not specify which fields the Bureau will redact or modify to protect applicant or borrower privacy. The final rule does, however, adopt a framework for making final disclosure decisions, under which the importance of releasing the data to accomplish HMDA's public disclosure purposes is balanced against the potential harm to an applicant or borrower's privacy interest that may result from the release of the data without modification. The Bureau intends to provide a process for the public to provide input on the application of the balancing test to determine the HMDA data to be publicly disclosed

12. Estimated Burden of Information Collection

A. Information Collections under the Current Rule

The following information collections currently required by HMDA will continue to be effective until the final rule becomes effective. There are three Information Collection types under the HMDA rule: (1) Reporting Requirements, (2) Recordkeeping Requirements, and (3) Third Party Disclosure Requirements. Each of these Information Collections is discussed in turn.

[1] Cons. Financial Protection Bureau, Privacy Impact Assessment: Republication of the Home Mortgage Disclosure Act Public Use Dataset on Consumerfinance.gov (2013), http://files.consumerfinance.gov/f/201312_cfpb_republication-hmda-public-use-dataset_pia.pdf.

<u>Information Collections under the Current Rule for Financial Institutions Reporting to the CFPB</u>

<u>Reporting:</u>

Given that HMDA is a data collection statute, the Bureau views most tasks that financial institutions undertake to gather and report data as covered by the Reporting Requirements. Based on initial outreach efforts, the Bureau identified 18 tasks that financial institutions conduct when gathering and reporting data under HMDA.[2] These outreach efforts also determined that the time and monetary cost of conducting these 18 tasks differed by financial institutions' level of complexity. To capture the relationships between institutions' complexity and reporting costs for each of these 18 tasks, the Bureau developed three representative financial institutions reflecting low-, moderate- and high-complexity. In the following discussion, these are referred to as tier 3, 2, and 1 financial institutions, respectively. For the PRA burden analysis, the Bureau estimated the time that each of the three representative lenders spend on each of the 18 tasks. The Bureau then took these institution-level estimates and aggregated up to the market level.

The Reporting Requirement covers 14 of the 18 operational tasks.[3] Four of these 14 operational tasks are variable-cost tasks, which vary by the number of applications.[4] The Bureau estimates that tier 3, tier 2, and tier 1 financial institutions spend approximately 19, 99, and 390 hours per year, respectively, on these four tasks. For the ten fixed-cost operational tasks covered by the Reporting Requirements, the Bureau estimates that tier 3, tier 2, and tier 1 financial institutions spend approximately 45, 887, and 3,792 hours per year, respectively, on these tasks.

In 2013, 145 financial institutions reported HMDA data to the CFPB. These 145 financial institutions include 84 depository institutions with over $10 billion in assets. Given their large asset size, these depository institutions are likely comparable to the representative tier 1 institution. Therefore, to calculate burden hours, the Bureau assumes that all 84 financial institutions are tier 1 institutions. For these tier 1 reporters, the Bureau estimates that the time burden is 351,000 hours per year. Further, the Bureau estimates that 39 tier 2 and 22 tier 3 institutions report HMDA data to the CFPB. The Bureau estimates that the time burden for these tier 2 and tier 3 reporters is 39,000 hours and 1,400 hours per year, respectively. The total

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[2] These are transcribing data, resolving reportability questions, transferring data to HMDA Management System (HMS), geocoding, standard annual edit and internal checks, researching questions, resolving question responses, checking post-submission edits, filing post-submission documents, creating public loan application register, distributing public loan application register, distributing disclosure report, using vendor HMS software, training, internal audits, external audits, exam preparation, and exam assistance.

[3] These are resolving reportability questions, transferring data to HMDA Management System (HMS), geocoding, standard annual edit and internal checks, researching questions, resolving question responses, checking post-submission edits, filing post-submission documents, using vendor HMS software, training, internal audits, external audits, exam preparation, and exam assistance. As discussed below, transcribing data falls under the record keeping requirement, and creating the public LAR, distributing the public LAR, and creating the notice for obtaining the disclosure statement all fall under the Third Party Disclosure Requirement.

[4] The four variable cost tasks are transferring data to HMS, resolving reportability questions, geocoding, and researching questions.

estimated time burden of the Reporting Requirements Information Collection is 391,000 hours per year.

Total Burden, Reporting Requirements-Financial Institutions Reporting to the CFPB

	Number of Respondents	Total Burden per Respondent	Total Burden (Rounded to Thousands)
Tier One	84	4,182 hours	351,000 hours
Tier Two	39	986 hours	39,000 hours
Tier Three	22	65 hours	1,000 hours

Total Estimated Burden for CFPB Respondents 391,000 hours

<u>Recordkeeping:</u>

The Recordkeeping Requirement covers the requirements that financial institutions maintain HMDA data for three years and disclosure statements for five years, maintain loan application register information for three years, and update information regarding reportable transactions quarterly. To maintain data, disclosure statements, and loan application register information, the primary time burden is the time needed to copy this information to electronic data storage devices, such as a hard drive or disk. Given the prevalence and low cost of modern computer technology, the Bureau believes that this time burden is negligible. The Bureau regards the task of transcribing data as the key operational task that is directly related to recordkeeping. The Bureau calculates the burden hours for the Recordkeeping Requirement based on the estimated cost of transcribing the data. The Bureau estimates that tier 3, tier 2, and tier 1 financial institutions would spend approximately 8, 83, and 3,489 hours per year transcribing data, respectively. The total estimated time burden of the Recordkeeping Requirements Information Collection is 296,000 hours per year.

Total Burden, Recordkeeping Requirements-Financial Institutions Reporting to the CFPB

	Number of Respondents	Total Burden per Respondent	Total Burden
Tier One	84	3,489 hours	293,000 hours
Tier Two	39	83 hours	3,000 hours
Tier Three	22	8 hours	180 hours

Total Estimated Burden for CFPB Respondents 296,000 hours

<u>Third Party Disclosure:</u>

The Third Party Disclosure Requirement covers the requirements that financial institutions create a public loan application register, distribute the public loan application register upon request, and provide a notice that the disclosure statement can be obtained from the FFIEC website. These requirements correspond to three operational tasks: creating the public loan application register, distributing the public loan application register, and creating the notice for obtaining the disclosure statement. The Bureau estimates that tier 3, tier 2, and tier 1 financial institutions would spend approximately 4, 11, and 26 hours per year, respectively, on these operational tasks. The total estimated time burden of the Third Party Disclosure Requirements Information Collection is 2,700 hours per year.

Total Burden, Third Party Disclosure Requirements-Financial Institutions Reporting to the CFPB

	Number of Respondents	Total Burden per Respondent	Total Burden
Tier One	84	26 hours	2,200 hours
Tier Two	39	11 hours	400 hours
Tier Three	22	4 hours	100 hours
Total Estimated Burden for CFPB Respondents			**2,700 hours**

<u>Total Burden:</u>

Combining the three Information Collections, the Bureau estimates that the total reporting, ongoing recordkeeping, and third party disclosure requirement costs allocated to the CFPB under Regulation C are 391,000, 296,000, and 2,700 hours per year, respectively, for a total estimate of 690,000 burden hours per year.

Total Burden under Current Rule, all Information Collections – Financial Institutions Reporting to the CFPB

	Number of Respondents	Total Burden per Respondent	Total Burden (rounded to the thousands)
Tier One	84	7,697 hours	646,000 hours
Tier Two	39	1,079 hours	42,000 hours
Tier Three	22	77 hours	2,000 hours
Total Estimated Burden for CFPB Respondents			**690,000 hours**

The Bureau estimates that the total burden hours for all regulated financial institutions required to report HMDA data is approximately 6,043,000 hours per year.

Total Burden under Current Rule, all Information Collections- All Regulated Entities

	Lower Bound Estimate			Upper Bound Estimate		
	Number of Respondents	Total Burden per respondent	Total Burden (Rounded to Thousands)	Number of Respondents	Total Burden per respondent	Total Burden (Rounded to Thousands)
Tier One	288	7,697 hours	2,216,000 hours	216	7,697 hours	1,662,000 hours
Tier Two	2,015	1,079 hours	2,174,000 hours	5,110	1,079 hours	5,514,000 hours
Tier Three	4,894	77 hours	376,000 hours	1,871	77 hours	144,000 hours

Total Estimated Burden for all Respondents (Rounded to 100 Thousands): 6,043,000 hours[5]

B. <u>Information Collections under the New Final Rule</u>

The Bureau has issued a final rule on October 15, 2015 containing new and revised information collections under HMDA. The final rule is effective January 1, 2018, with certain exceptions. First, financial institutions will begin reporting to the Bureau in 2018. Second, the minimum loan-volume thresholds become effective January 1, 2017, removing an estimated 1,400 depository institutions that are currently covered from the rule's information collection requirements. Finally, quarterly reporting is effective January 1, 2020.

This final rule has three Information Collections under the PRA: (1) Reporting Requirements, (2) Recordkeeping Requirements, and (3) Third Party Disclosure Requirements. Each of these Information Collections is discussed in turn.

<u>Information Collections under the New Final Rule for Financial Institutions Reporting to the CFPB</u>

<u>Reporting:</u>

Financial institutions are required annually to report HMDA data to the Bureau or to the appropriate Federal agency. Under the Bureau's methodology, the Reporting Requirement covers 14 of the 18 operational tasks.[6] Four of these 14 operational tasks are variable-cost tasks,

[5] The Bureau estimates that, for all HMDA reporters, the burden hours will be approximately 4,766,000 to 7,319,000 hours per year. 6,043,000 is approximately the mid-point of this estimated range.

[6] These are resolving reportability questions, transferring data to HMDA Management System (HMS), geocoding, standard annual edit and internal checks, researching questions, resolving question responses, checking post-submission edits, filing post-submission documents, using vendor HMS software, training, internal audits, external audits, exam preparation, and exam assistance. As discussed below, transcribing data falls under the record keeping

which vary by the number of applications.[7] With all of the final changes and operational modernization, the Bureau estimates that tier 3, tier 2, and tier 1 financial institutions will spend approximately 36, 107, and 466 hours per year, respectively, on these four tasks. The estimated hours spent on these four variable cost tasks will be the same for annual and quarterly reporters, because the final adoption of quarterly reporting does not affect any of the variable cost tasks. For the ten fixed-cost operational tasks covered by the Reporting Requirements, the Bureau estimates that tier 3, tier 2, and tier 1 financial institutions that are required to report annually will spend approximately 71, 1,125, and 5,503 hours per year, respectively, on these tasks. Combining these results yields estimates of 107, 1,232, and 5,969 hours per year for tier 3, 2, and 1 annually-reporting financial institutions, respectively. Financial institutions with 60,000 covered loans and applications, combined, excluding purchased covered loans, that will be required to report quarterly are most likely tier 1 institutions. For these institutions, the Bureau estimates 934 burden hours in addition to the burden hours associated with annual reporting. The estimated burden hours for quarterly-reporting financial institutions is approximately 6,903 hours per year.

In 2013, 145 financial institutions reported HMDA data to the CFPB. These 145 financial institutions are depository institutions with over $10 billion in assets and affiliates of these institutions.[8] Using LAR counts as a proxy to assign these 145 financial institutions into tiers yields 84 tier 1 insitutions, 39 tier 2 institutions and 22 tier 3 institutions. Eighteen of these 145 institutions reported over 60,000 records, and would therefore be required to report data quarterly. The Bureau estimates that the time burden for annual and quarterly reporters under the Reporting Requirements Information Collection would be approximately 672,000 and 188,000 hours per year, respectively, for a total estimated burden hours of 860,000 per year.

Total Burden, Reporting Requirements-Financial Institutions Reporting to the CFPB

	Number of Respondents	Total Burden per Respondent *	Total Burden (Rounded to Thousands)
Tier One: Annual Reporter	66	9,014 hours	595,000 hours
Tier One: Quarterly Reporter	18	10,424 hours	188,000 hours
Tier Two	39	1,861 hours	73,000 hours
Tier Three	22	161 hours	4,000 hours
Total	**145**	**NA**	**860,000 hours**
* The Bureau estimates that approximately 145 financial institutions will be required to report HMDA data for closed-end mortgage loans to the CFPB after implementation of the final rule. This is reflected in the column conveying the number of respondents (145 = 66+18+39+22). The Bureau estimates that 74 of these financial institutions will also be required to report data for open-end lines of credit. The Bureau estimates			

requirement, and creating the public LAR, distributing the public LAR, and creating the notice for obtaining the disclosure statement all fall under the Third Party Disclosure Requirement.

[7] The four variable cost tasks are transferring data to HMS, resolving reportability questions, geocoding, and researching questions.

[8] Note even though CFPB had supervisory authority over all non-depository institutions on all consumer financial protection related matter, most nondepository institutions report HMDA data to HUD.

that 11 of these financial institutions will be tier 3, 20 tier 2, 9 tier 1 financial institutions that report quarterly and 34 tier 1 financial institutions that report annually. The estimates of total burden in the table include reporting of closed-end mortgage loans for all respondents indicated in the number of respondents column, plus reporting of open-end lines of credit for the subset of respondents that will also be required to report open-end lines of credit. The total burden per respondent in the table is total burden divided by number of respondents, and therefore does not reflect the specific burden hours for either respondents that report only closed-end mortgage loans or that report both closed-end mortgage loans and open-end lines of credit.

Recordkeeping:

The Recordkeeping Requirement covers the requirements that financial institutions maintain a copy of both the submitted annual loan/application register and a notice of its availability for three years, maintain the notice of availability of their disclosure statements for five years, and update information regarding reportable transactions quarterly. To maintain data, the primary time burden is the time needed to copy this information to electronic data storage devices, such as a hard drive or disk. Given the prevalence and low cost of modern computer technology, the Bureau believes that this time burden is negligible. The Bureau regards the task of transcribing data as the key operational task that is directly related to recordkeeping. This task is not affected by whether the financial institution is required to report annually or quarterly, since transcribing data for reportable transactions under HMDA is not affected by reporting frequency. The calculation of the burden hours for record keeping requirements is based on the estimated cost of transcribing the data. The Bureau estimates that tier 3, tier 2, and tier 1 financial institutions will spend approximately 27, 83, and 4,130 hours per year transcribing data, respectively. The Bureau estimates that the time burden for annual and quarterly reporters under the Recordkeeping Requirements Information Collection would be approximately 418,000 and 112,000 hours per year, respectively, for a total estimated burden hours of 530,000 per year.

Total Burden, Recordkeeping Requirements-Financial Institutions Reporting to the CFPB

	Number of Respondents	Total Burden per Respondent*	Total Burden (Rounded to Thousands)
Tier One: Annual Reporter	66	6,237 hours	412,000 hours
Tier One: Quarterly Reporter	18	6,237 hours	112,000 hours
Tier Two	39	125 hours	5,000 hours
Tier Three	22	40 hours	1,000 hours
Total	**145**	**NA**	**530,000 hours**
* The Bureau estimates that approximately 145 financial institutions will be required to report HMDA data for closed-end mortgage loans to the CFPB after implementation of the final rule. This is reflected in the column conveying the number of respondents (145 = 66+18+39+22). The Bureau estimates that 74 of these financial institutions will also be required to report data for open-end lines of credit. The Bureau estimates that 11 of these financial institutions will be tier 3, 20 tier 2, 9 tier 1 financial institutions that report quarterly and 34 tier 1 financial institutions that report annually. The estimates of total burden in the table include reporting of closed-end mortgage loans for all respondents indicated in the number of respondents column, plus reporting of open-end lines of credit for the subset of respondents that will also be required to report open-end lines of credit. The total burden per respondent in the table is total burden divided by number of			

respondents, and therefore does not reflect the specific burden hours for either respondents that report only closed-end mortgage loans or that report both closed-end mortgage loans and open-end lines of credit.

Third Party Disclosure:

The Third Party Disclosure Requirement covers the requirements that financial institutions make available a notice informing the public that the institution's modified loan/application register and disclosure statement may be obtained on the Bureau's website. . These requirements correspond to three operational tasks: creating the modified loan/application register, distributing the modified loan/application register, and creating the notice for obtaining the disclosure statements. The Bureau estimates that tier 3, tier 2, and tier 1 financial institutions would spend approximately 0, 0, and 5 hours per year, respectively, on these operational tasks. The estimated time burden would be the same for quarterly reporters and annual reporters. The Bureau estimates that the time burden for annual and quarterly reporters under the Third Party Disclosure Requirements Information Collection would be approximately 360 and 100 hours per year, respectively, for a total estimated burden hours of 460 hours per year.

Total Burden, Third Party Disclosure Requirements-Financial Institutions Reporting to the CFPB

	Number of Respondents	Total Burden per Respondent*	Total Burden (Rounded to Tens)
Tier One: Annual Reporter	66	5 hours	360 hours
Tier One: Quarterly Reporter	18	5 hours	100 hours
Tier Two	39	0 hours	0 hours
Tier Three	22	0 hours	0 hours
Total	**145**	**NA**	**460 hours**
* The Bureau estimates that approximately 145 financial institutions will be required to report HMDA data for closed-end mortgage loans to the CFPB after implementation of the final rule. This is reflected in the column conveying the number of respondents (145 = 66+18+39+22). The Bureau estimates that 74 of these financial institutions will also be required to report data for open-end lines of credit. The Bureau estimates that 11 of these financial institutions will be tier 3, 20 tier 2, 9 tier 1 financial institutions that report quarterly and 34 tier 1 financial institutions that report annually. The estimates of total burden in the table include reporting of closed-end mortgage loans for all respondents indicated in the number of respondents column, plus reporting of open-end lines of credit for the subset of respondents that will also be required to report open-end lines of credit. The total burden per respondent in the table is total burden divided by number of respondents, and therefore does not reflect the specific burden hours for either respondents that report only closed-end mortgage loans or that report both closed-end mortgage loans and open-end lines of credit.			

Total Burden:

Combining the three Information Collections, the Bureau estimates that the total burden of the reporting, ongoing recordkeeping, and third party disclosure requrirements under the final rule for annual and quarterly CFPB reporters will be 1,089,000 and 300,000 hours per year, respectively, for a total estimate of 1,389,000 burden hours per year. This represents an increase of approximately 699,000 burden hours per year for HMDA reporters that report to the CFPB.

Total Burden under New Final Rule, all Information Collections – Financial Institutions Reporting to the CFPB

Information Collection Requirement	No. of Respondents	Type of IC	Frequency	Annual Responses	Average Response Time*	Annual Burden Hours	Hourly Rate	Total Burden Hours
Tier one Annual Reporters Recordkeeping requirements	66	Recordkeeping,	1	66	6,237	411,660	$33	$13,584,766
Tier one Annual Reporters Reporting requirements	66	Reporting	1	66	9,014	594,954	$33	$19,633,468
Tier one Annual Reporters Disclosure requirements	66	3rd Party disclosure	1	66	5	360	$33	$11,894
Tier one Quarterly Reporters Recordkeeping requirements	18	Recordkeeping,	4	72	1,559	112,271	$33	$3,704,936
Tier one Quarterly Reporters Reporting requirements	18	Reporting	4	72	2,606	187,664	$33	$6,192,896
Tier one Quarterly Reporters Disclosure requirements	18	3rd Party disclosure	4	72	1	98	$33	$3,244
Tier Two Recordkeeping requirements	39	Recordkeeping,	1	39	125	4,865	$33	$160,559
Tier two reporting requirements	39	Reporting	1	39	1,861	72,572	$33	$2,394,869
Tier two Disclosure requirements	39	3rd Party disclosure	1	39	0	0	$33	$0
Tier Three Recordkeeping requirements	22	Recordkeeping,	1	22	40	884	$33	$29,180
Tier Three	22	Reporting	1	22	161	3,552	$33	$117,209

reporting requirements								
Tier Three Disclosure requirements	22	3rd Party disclosure	1	22	0	0	$33	$0
Totals	**145**	**NA**	**NA**	**199**	**NA**	**1,388,880**	**NA**	**$45,833,040**
***** The Bureau estimates that approximately 145 financial institutions will be required to report HMDA data for closed-end mortgage loans to the CFPB after implementation of the final rule. This is reflected in the column conveying the number of respondents (145 = 66+18+39+22). The Bureau estimates that 74 of these financial institutions will also be required to report data for open-end lines of credit. The Bureau estimates that 11 of these financial institutions will be tier 3, 20 tier 2, 9 tier 1 financial institutions that report quarterly and 34 tier 1 financial institutions that report annually. The estimates of annual burden hours in the table include reporting of closed-end mortgage loans for all respondents indicated in the number of respondents column, plus reporting of open-end lines of credit for the subset of respondents that will also be required to report open-end lines of credit. The average response time in the table is annual burden hours divided by annual responses, and therefore does not reflect the specific burden hours for either respondents that report only closed-end mortgage loans or that report both closed-end mortgage loans and open-end lines of credit.								

The Bureau estimates that, including the final changes, the burden will be approximately 8,300,000 hours per year for all HMDA reporters.[9] This represents an increase of approximately 2,257,000 hours per year over the current burden for all HMDA reporters of 6,043,000 hours. These estimates reflect the Bureau's operational modernization efforts.

To estimate the burden hours for all HMDA reporters, the Bureau follows the mapping approach used for the discussion of the potential benefits, costs, and impacts of the final rule, described in Section VII of the final notice information. Specifically, the Bureau allocates financial institutions across tiers using the two distributions described in the benefit-cost discussion to provide upper and lower bounds for its estimates.[10] After assigning each of the 7,197 HMDA reporters[11] to a tier using the two distributions, the Bureau then makes two adjustments. First, it adjusts the number of financial institutions to account for the estimated 1,400 depository institutions that will no longer be required to report, as well as the 450 nondepository institutions that will have to begin reporting. Given the small volume of transactions processed by these financial institutions, the Bureau assumes all financial institutions described under the first adjustment are most closely comparable to a representative tier 3 institution. Therefore, it reduces the number of tier 3 financial institutions by 950. Second, in the 2013 HMDA data, 29 financial institutions submitted a HMDA loan application register with 60,000 or more records, and would therefore be required to report quarterly. Given the high volume of transactions reported by these financial institutions, they are likely to be tier 1 financial institutions. The Bureau therefore separately itemizes the burden hour estimates for tier 1 financial institutions that would be required to report quarterly. Using both the distribution assumptions and the institution-level hour estimates described above, the Bureau estimates that the time burden for all institutions to gather and report data under HMDA will be approximately

[9] The Bureau estimates that, for all HMDA reporters, the burden hours will be approximately 6,851,000 to 9,789,000 hours per year. 8,300,000 is approximately the mid-point of this estimated range.

[10] The first distribution assumes the following composition among financial institutions: 68% tier 3, 28% tier 2, and 4% tier 1. The second distribution assumes the following composition among financial institutions: 26% tier 3, 71% tier 2, and 3% tier 1.

[11] The estimate of 7,197 HMDA reporters is derived from the 2013 HMDA data.

6,851,000 to 9,789,000 hours per year. The mid-point of this range is approximately 8,300,000.

Total Burden, all Information Collections- All Regulated Entities

	Lower Bound Estimate			Upper Bound Estimate		
	Number of Respondents	Total Burden per respondent*	Total Burden (Rounded to Thousands)	Number of Respondents	Total Burden per respondent*	Total Burden (Rounded to Thousands)
Tier One Annual Reporter	259	10,448 hours	2,706,000 hours	187	10,583 hours	1,980,000 hours
Tier One Quarterly Reporter	29	11,036 hours	320,000 hours	29	11,036 hours	320,000 hours
Tier Two	2,015	1,619 hours	3,262,000 hours	5,111	1,434 hours	7,330,000 hours
Tier Three	3,943	143 hours	563,000 hours	921	173 hours	159,000 hours
Total	**6,250**	**NA**	**6,851,000**	**6,250**	**NA**	**9,789,000**
Total Estimated Burden for all Respondents (Rounded to 100 Thousands): 8,300,000 hours[12]						
* The Bureau estimates that approximately 6,250 financial institutions will be required to report HMDA data for closed-end mortgage loans to the CFPB after implementation of the final rule. This is reflected in the column conveying the number of respondents, where the total is rounded to the nearest 10. The Bureau estimates that 748 of these financial institutions will also be required to report data for open-end lines of credit. These 748 financial institutions consist of 273 tier 3 financial institutions, 466 tier 2 financial institutions and 9 tier 1 financial institutions. The estimates of total burden in the table include reporting of closed-end mortgage loans for all respondents indicated in the number of respondents column, plus reporting of open-end lines of credit for the subset of respondents that will also be required to report open-end lines of credit. The total burden per respondent in the table is total burden divided by number of respondents, and therefore does not reflect the specific burden hours for either respondents that report only closed-end mortgage loans or that report both closed-end mortgage loans and open-end lines of credit.						

Associated Labor Costs:

To estimate the associated labor costs, the Bureau uses the burden hours described above, along with a wage rate of $33 per hour, which is the national average wage for compliance officers based on the most recent National Compensation Survey from the Bureau of Labor Statistics (BLS). Based on these figures, the Bureau estimates that the ongoing record keeping and reporting costs allocated to the CFPB under Regulation C is approximately $45,800,000. For all HMDA reporters, the estimated costs are $273,900,000.[13]

13. Estimated Total Annual Non-Labor Cost to CFPB Respondents or Recordkeepers

[12] The Bureau estimates that, for all HMDA reporters, the burden hours will be approximately 6,851,000 to 9,789,000 hours per year. 8,300,000 is approximately the mid-point of this estimated range.

[13] The Bureau estimates that the labor costs will be approximately $226,100,000 to $323,000,000. $273,900,000 is the mid-point of this estimated range.

New Final Rule Estimated Total Annual Cost Burden to All CFPB Respondents or Recordkeepers

Description of Costs (O&M)	Per Unit Costs	Quantity	Number of Reporters	Costs
HMS software				
Tier 1 Institution	$13,000	1	84	$1,092,000
Tier 2 Institution	$8,000	1	39	$312,000
Tier 3 Institution	$0	1	22	$0
LEI	$200	1	145	$29,000
Total	NA	NA	NA	$1,433,000

New Final Rule Estimated Total Annual Cost Burden to All Respondents or Recordkeepers

			Lower Bound Estimate		Upper Bound Estimate	
Description of Costs (O&M)	**Per Unit Costs**	**Quantity**	**Number of Reporters**	**Costs**	**Number of Reporters**	**Costs**
HMS software						
Tier 1 Institution	$13,000	1	288	$3,744,000	216	$2,808,000
Tier 2 Institution	$8,000	1	2,015	$16,120,000	5,111	$40,888,000
Tier 3 Institution	$0	1	3,943	$0	921	$0
LEI	$200	1	6,250	$1,250,000	6,250	$1,250,000
Total	NA	NA	NA	$21,114,000	NA	$44,946,000

The non-labor-specific costs specific to complying with the Reporting, Recordkeeping, and Third Party Disclosure Requirements include the annual fee for HMS software, and the annual fee for the LEI. The Bureau estimates that this annual fee for HMS software is approximately $0 for tier 3 institutions, $8,000 for tier 2 institutions and $13,000 for tier 1 institutions. The estimated annual fee for the LEI is approximately $200. Therefore, the total estimated cost is $1,433,000 for CFPB-regulated entities and $33,030,000 for all regulated entities.[14]

14. Estimated Cost to the Federal Government

The estimated one-time cost to the Federal Government to develop software for data submission, edit checks, communication with reporters and geocoding is $13.5 million.

15. Program Changes or Adjustments for CFPB Reporters

Renewal of Existing Rule

	Total Respondents	Annual Responses	Burden Hours	Cost Burden (O & M)
Total Annual Burden	145	145	690,000	$0

[14] The Bureau estimates that the annual non-labor costs will be approximately $21,114,000 to $44,946,000. $33,030,000 is the mid-point of this estimated range.

Requested				
Current OMB Inventory	180	25,453	154,000	$0
Difference (+/-)	-35	-25,254	+536,000	$0
Program Change	0	0	0	$0
Discretionary	0	0	0	$0
New Statute	0	0	0	$0
Violation	0	0	0	$0
Adjustment	-35	-25,308	+536,000	$0

The "adjustment" portion of the differences between current burden and estimates of projected burden hours and costs are a result of different approaches used to construct these estimates. Unlike for previous PRA HMDA submissions, estimates of projected burden and costs are generated from a highly granular analysis of record-keeping, reporting, and disclosure requirements, which broke down the process financial institutions use to gather and report HMDA data into 18 specific tasks. The costs and burden hours of each of these tasks varied by the complexity of the financial institution, as captured by three representative institutions: a high-complexity institution, a moderately complexity institution, and a low-complexity institution. The CFPB has also aggregated, for the purposes of these estimates, the reporting, recordkeeping, and disclosure requirements for this rule into a single annual response for annual reporters, and 4 responses per year for quarterly reporters resulting in the reduction of responses under this rule.

New Final Rule

	Total Respondents	Annual Responses	Burden Hours	Cost Burden (O & M)
Total Annual Burden Requested	145	199	1,388,880	$1,433,000
Current OMB Inventory[15]	145	199	690,000	0
Difference (+/-)	0	0	+699,000	+$1,433,000
Program Change	0	0	+699,000	$29,000
Discretionary	0	0	+699,000	$29,000
New Statute	0	0	0	$0
Violation	0	0	0	$0
Adjustment	0	0	0	$1,404000

The changes in burden from the existing rule to the new rule are a result of changing regulations and Statutes. The additional cost burden comes from the necessity to purchase new software or update the software already used by covered institutions to comply with HMDA reporting requirements that the new requirements will cause.

[15] In this case, "current" means the burden as of the renewal of this collection, i.e. this chart captures the changes from the chart above when the new rule is implemented

16. Plans for Tabulation, Statistical Analysis, and Publication

The information is collected for use by the CFPB's examination program and for disclosure to the public after deletion of certain sensitive data elements.

17. Display of Expiration Date

The OMB number will be displayed in the PRA section of the notice of final rulemaking and published in the Federal Register. Further, the OMB control number and expiration date will be displayed on the Federal government's electronic 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.