

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

**SUPPORTING STATEMENT PART A FOR
HOMEOWNERSHIP COUNSELING AMENDMENTS TO THE
REAL ESTATE SETTLEMENT PROCEDURES ACT
(REGULATION X) 12 CFR 1024
(OMB CONTROL NUMBER: 3170-0025)**

OMB TERMS OF CLEARANCE:

Not applicable. The Office of Management and Budget (OMB) did not provide Terms of Clearance when approved this information collection on November 11, 2013.

ABSTRACT:

Regulation X implements the Real Estate Settlement Procedures Act (RESPA), ensures that consumers are provided with more helpful information about the cost of the mortgage settlement and protected from unnecessarily high settlement charges caused by certain abusive practices. Regulation X contains information collections in the form of third party disclosures and recordkeeping requirements.

This amendment to Regulation X requires lenders to provide mortgage applicants a list of certified homeownership counselors at or soon after the time of their application. This requirement is meant to help applicants be informed about the process of applying for a mortgage, and receive additional non-biased guidance if desired.

1. Circumstances Necessitating the Data Collection

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), Pub. L. 111-203, amended Real Estate Settlement Procedures Act (RESPA) of 1974, 12 U.S.C. 2601 *et seq.*, to mandate that lenders provide to applicants for federally related mortgage loans a “reasonably complete or updated list of homeownership counselors who are certified pursuant to section 106(e) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(e)) and located in the area of the lender.”

The Real Estate Settlement Procedures Act as implemented Regulation X, 12 CFR 1024, in section 1024.20 requires lenders to provide a list of homeownership counseling organizations to applicants for federally related mortgage loans.

2. Use of the Information

Lenders are required to give each applicant for a federally related mortgage loan a clear and conspicuous written list of homeownership counseling organizations that provide relevant counseling services in the loan applicant's location. The homeownership counselor list must be provided to all applicants for purchase money mortgages, refinancings, home-equity mortgage loans, and home-equity lines of credit, except applicants for reverse mortgage transactions subject to 12 CFR 1026.33(a) or for transactions secured by a consumer's interest in a timeshare plan.

The lender would have to provide the list no later than three business days after the lender, mortgage broker, or dealer receives a loan application (or information sufficient to complete a loan application).

3. Use of Information Technology

The homeownership counselor list may be submitted to consumers electronically.

To facilitate compliance and minimize burden, the CFPB requires that lenders obtain the counseling list from either a website maintained by the Bureau where they can input certain information (*e.g.*, the loan applicant's zip code and the type of loan) to generate the requisite list, or from data made available by the Bureau or HUD for lenders to use in complying with this requirement.

4. Efforts to Identify Duplication

This information collection does not duplicate any other Federal effort. In order to prevent duplication, the proposed rule exempts reverse mortgage lenders that provide applicants with a HUD-required list of HECM counseling resources.

5. Efforts to Minimize Burdens on Small Entities

To facilitate compliance and minimize burden, the CFPB either allows lenders to obtain the counseling list from either a website maintained by the Bureau where they can input certain information (*e.g.*, the loan applicant's zip code and the type of loan) to generate the requisite list, or from data made available by the Bureau or HUD for lenders to use in complying with this requirement. The counseling list could then be transmitted to the loan applicant electronically or in hard copy. By creating and maintaining the website and by providing data that lenders can alternatively use to generate the list, the CFPB is seeking to reduce the burden of this information collection and, more specifically, the time and resources necessary to compile and distribute the housing counselor list.

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

These third-party disclosures are required by statute, 12 U.S.C. 2601 *et seq.*, and regulations, and are triggered by a submitted application, rather than being periodic. The burdens on respondents are the minimum necessary to comply with the statute and to assist borrowers in obtaining information about available homeownership counseling resources.

7. Circumstances Requiring Special Information Collection

Information is not reported to the CFPB. The collection of information in Regulation X is consistent with the applicable guidelines contained in 5 CFR 1320.5(d)(2).

8. Consultation Outside the Agency

In accordance with 5 CFR §1320.8(d)(1), the Bureau has published a notice at Federal Register allowing the public 60 days to comment on this proposed the extension (renewal) of this currently approved collection of information. No comments were received. Further and in accordance with 5 CFR §1320.5(a)(1)(iv), the Bureau has also published a notice in the Federal Register allowing the public 30 days to comment on the submission of this information collection request to the Office of Management and Budget.

9. Payments or Gifts to Respondents

No payments or gifts are provided to respondents.

10. Assurances of Confidentiality

There is no additional collection of information from consumers in compliance with this regulation, and hence there is no need for assurances of confidentiality provided.

11. Justification for Sensitive Questions

There is no information of a sensitive nature being requested.

12. Estimated Burden of Information Collection

Labor Hours: 117,500

Information Collection Requirement	No. of Market Respondents	Number of annual responses per respondent	Total Annual Responses	Average Response Time	Annual Burden Hours	Hourly Rate	Hourly Costs
Provide list of counseling organizations	13,880	999	13,870,582	0.02	231,176	\$45	\$10,402,937
Total hours:	231,176						
Total labor cost:	\$10,402,937						
CFPB Respondents	2,259						
CFPB Response share	50.83%						
CFPB allocated hours	117,500						
CFPB allocated labor cost	\$5,287,497						

The total number of respondents – lenders that originate federally related mortgages – was 13,880 in 2014. The CFPB estimates that, on average, covered persons will require 1 minute to produce and to provide the list of homeownership counselors or counseling organizations to each applicant.

Given the estimated nearly 14 million applications for the universe of relevant respondents, the total burden will be about 230,000 hours with an associated labor cost at \$10 million dollars. This number of applications includes: a) applications that are registered in HMDA 2014; b) CFPB’s estimate for the number of applications for lenders that do not report to HMDA; c) CFPB’s estimate of the number of applications for Home Equity Lines of Credit (HELOCs).

The CFPB share of the total burden is 50%, which amounts to 117,500 hours and \$5 million annually. This share is obtained as follows:

The CFPB respondent number of 2,259 is made up of two parts: the DI share and the non-DI share. As of December 2014, there are 145 depository institutions (114 depository institutions with total assets of more than \$10 billion and 31 affiliates) over which CFPB has primary enforcement authority with respect to Regulation X. Examining HMDA data shows 135 of these institutions taking in just over 3.1 million applications, for which the Bureau takes burden.

In addition, the CFPB and the FTC generally both have enforcement authority over non-depository institutions for Regulation Z. Therefore, the CFPB has allocated to itself half of the estimated burden to 2,124 non-depository institutions which originated federally related mortgages in 2014, for which they had about 6.6 million applications, giving the Bureau

burden for 3.3 million of these applications.

To arrive at the final estimate for annual responses, HELOCs were added into consideration, for which data is sparsely reported in HMDA. For entities under the Bureau's enforcement jurisdiction, this adds about six hundred thousand responses.

13. Estimated Total Annual Cost Burden to Respondents or Recordkeepers

The CFPB estimates that respondents will incur a burden of \$0.01 dollars per application to produce the list of homeownership counselors or counseling organizations. Primarily this is a cost of making a paper copy of the list; to the extent that some lenders use electronic means of delivering the disclosure, the actual value of material costs will be smaller.

Description of Costs (O&M)	Per Unit Costs	Quantity	Costs
Print a list of counseling organizations (one page)	\$0.01	13,870,582	\$138,705
Total Burden Costs:			\$138,705

14. Estimated Cost to the Federal Government

As the Bureau does not collect any information, there are no costs to the Bureau associated with this information collection. While the Bureau does maintain a website which respondents can use, we do not account for staff time used to build and maintain the website for PRA purposes; only extra costs incurred by the Bureau are counted, which are zero for this OMB number.

15. Program Changes or Adjustments

	Total Respondents	Annual Responses	Burden Hours	Cost Burden (O & M)
Total Annual Burden Requested	2,259	7,049,996	117,500	\$138,705
Current OMB Inventory	14,742	14,911,600	274,667	\$2,680,280
Difference (+/-)	-12,483	-7,861,604	-157,167	-\$2,541,575
Program Change	0	0	0	\$0
Discretionary	0	0	0	\$0
New Statute	0	0	0	\$0
Violation	0	0	0	\$0
Adjustment	-12,483	-7,861,604	-157,167	-\$2,541,575

The new estimates calculated by the CFPB reflect improved calculations done on the market. In particular, the previous estimates were for the entire market and not just for those respondents under the CFPB enforcement authority. Therefore the total respondents, annual respondents, and burden hours are lower to reflect those calculations. While the cost burden is also lower to reflect the actual number of CFPB respondents, we also estimate a lower cost per

printed disclosure from \$.10 to \$.01. This is both because we believe many respondents send this list electronically and therefore have no additional costs, and for those that do print it, the cost is extremely minimal.

16. Plans for Tabulation, Statistical Analysis, and Publication

The results of the information collection will not be published.

17. Display of Expiration Date

The OMB control number and expiration date associated with this PRA submission will be displayed on the Federal government's electronic PRA docket at www.reginfo.gov, as well as in the Federal Register Notice of the submission.

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.